

LIBRARY  
RECEIVED

FEB 20 1952

U. S. Department of Agriculture

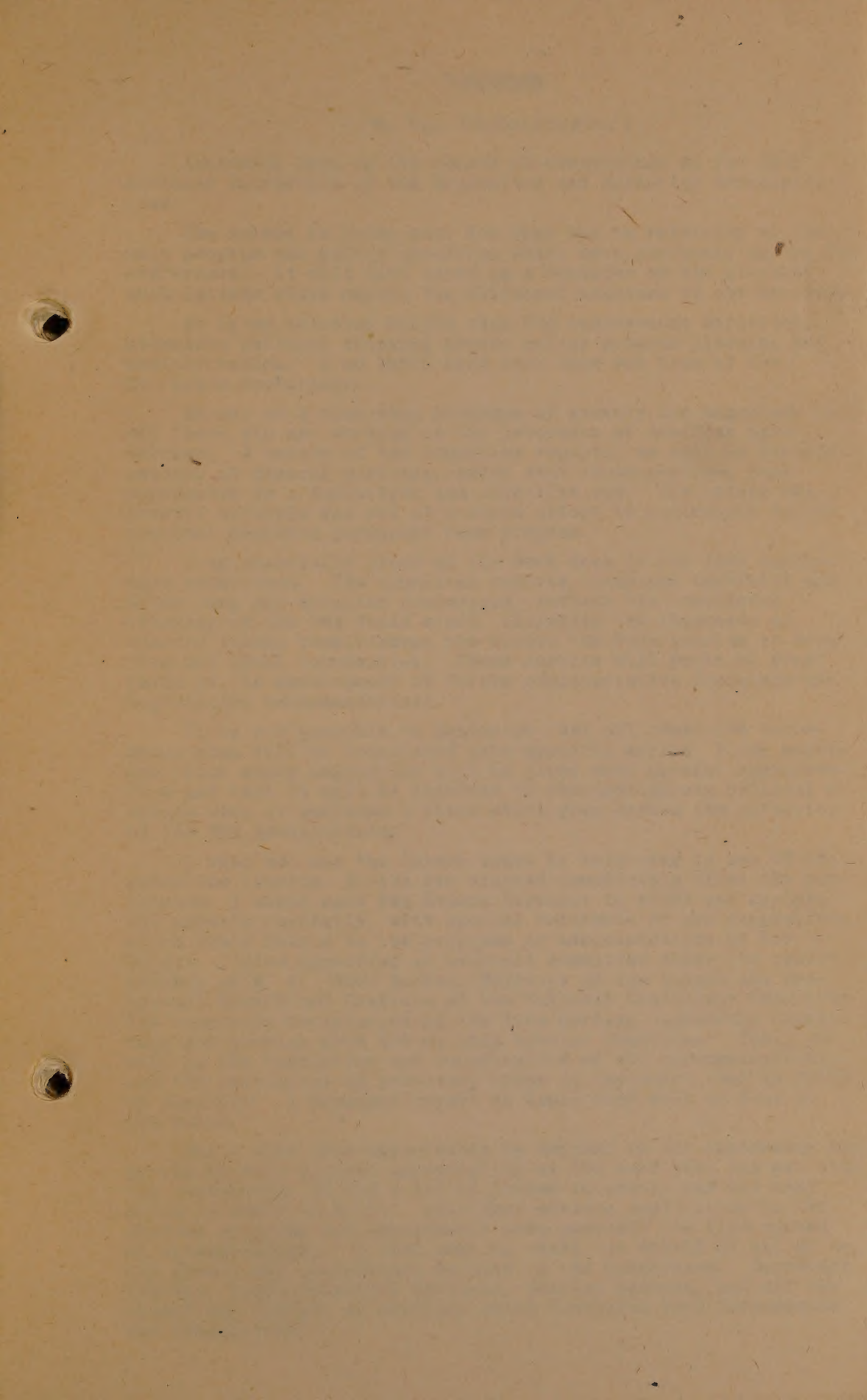
1.956  
A2P944  
cop. 3

REPORT OF PROCEEDINGS  
OF  
PMA NATIONAL CONFERENCE

ST. LOUIS, MISSOURI

December 6-9, 1948









## FOREWORD

(By the Administrator)

Assembled here is the record of proceedings at the 1948 National Conference of the Production and Marketing Administration.

The record is being sent for your use in referring to the many program and policy questions which were discussed during the conference. It will also serve as a reminder of the pleasant associations which marked the different sessions of our meetings.

It is my personal belief that PMA conferences definitely stimulate national thinking toward better program planning and administration. I am quite sure that this was true of the St. Louis conference.

We met at a time when problems of gravity and magnitude face all those who are working in the interests of American agriculture. A review of the committee reports, as well as the discussion at general meetings, shows that these problems were approached in a forthright and objective way. The entire conference attitude was one of sincere effort to contribute to the soundest possible permanent farm program.

I am especially proud of the work done by the five conference committees. The committee reports, prepared carefully and after long and detailed discussion, reflect the considered thinking of the PMA field staff, including the thousands of elected farmer committeemen who direct the farm program in counties and local communities. These reports will prove of great value in the development of future administrative decisions and legislative recommendations.

It is not possible to guarantee that all committee recommendations will be translated into specific action. I can assure you, that every suggestion will be given most careful consideration and that it will be referred to the appropriate official or agency when it embraces a field which goes beyond the authority of the PMA Administrator.

I need not use the future tense in referring to use of the committee reports. Action was started immediately after the conference. I asked each PMA Branch Director to study and analyze the reports carefully, with special reference to any suggestions which would relate to the programs or administration of his Branch. I also appointed an over-all committee under the chairmanship of R. W. "Bob" Herder, Director of the Budget and Management Branch and Chairman of the National Conference Committee. The executive secretaries of the five working conference committees are serving with Bob on this special committee. Their job will be the tabulation and coordination of all recommendations, and the initiation of necessary steps to implement them as fully as possible. A progress report on their work will be sent to you later.

May I take this opportunity to express to all conference delegates my very sincere appreciation of the hard work you put into the conference. We had a lot of ground to cover, and not many hours in which to do it. Only your serious application to the various programs and assignments made possible the fine record of accomplishment. I also want to thank, on behalf of all of us, the guests who contributed so much to the conference. Secretary Brannan, Under Secretary Loveland, Stanley Andrews, and all the others who brought us messages which contained both information and inspiration.





It is too early to make detailed plans for a conference next year. I feel quite certain, however, that the success of this year's conference -- following the fine meeting at Colorado Springs in 1947 -- has pretty well cemented the idea that an annual PMA conference is a "must" for good administration.

Ralph S. Trigg

Ralph S. Trigg

THE UNIVERSITY OF CHICAGO  
LIBRARY  
1000 S. MICHIGAN AVE.  
CHICAGO, ILL. 60607  
TEL. 733-4331

Copy 1  
pp. 1-2



A G E N D A  
PMA NATIONAL CONFERENCE

DECEMBER 6 -- DECEMBER 9

All General Sessions will be held in the  
Ivory Room on the Mezzanine Floor

FIRST DAY

December 6, 1948

- 9: 30 A. M. Conference opened by Chester P. Downen, Assistant  
to the Administrator  
Invocation - Charles L. Neill, Chairman,  
Mississippi State Committee
- 9: 35 A. M. Introduction of the delegates - Chester P. Downen
- 11: 00 A. M. Intermission
- 11: 15 A. M. Introduction of Administrator by L. Carl Fry,  
Member, Board of Directors, Commodity Credit  
Corporation  
Address by Ralph S. Trigg, Administrator
- 11: 50 A. M. Address by Frank K. Woolley, Deputy Administrator,  
on Agricultural Act of 1948
- 12: 45 P. M. Adjourn
- 1: 00 P. M. Conference Luncheon - Gold Room  
Address by Stanley Andrews on "Feeding Germany"
- 2: 30 P. M. Conference Committee Meetings  
to
- 5: 00 P. M.
- 5: 30 P. M. Reception for all delegates by the American Fat  
to  
Salvage Committee - Crystal Room
- 7: 30 P. M.



# A G E N D A

## PMA NATIONAL CONFERENCE

SECOND DAY

December 7, 1948

- 9:00 A. M. Conference reconvened by the Administrator
- 9:15 A. M. Address by Elmer F. Kruse, Manager, on Commodity Credit Corporation
- 9:45 A. M. Address by W. B. Crawley, Assistant Administrator for Production, on Conservation Problems
- 10:15 A. M. Intermission
- 10:30 A. M. Address by John I. Thompson, Assistant Administrator for Marketing, on Marketing Problems and Programs
- 11:00 A. M. Questions from the floor on topics discussed by morning speakers
- 11:35 A. M. Adjourn
- 11:45 A. M. Leave hotel in buses to attend luncheon and visit Anheuser-Busch Brewery, returning to hotel at 2:30 P. M.

2:45 P. M. Conference Committee Meetings

to

5:00 P. M.

6:00 P. M. Conference Banquet. Address by the Honorable Charles F. Brannan, Secretary of Agriculture

The following sound motion pictures will be shown in the Ivory Room immediately following the conclusion of the banquet. (Attendance is optional)

<u>Title</u>	<u>Approximate Showing Time</u>
Operation Crossroads	15 minutes
U. S. Navy picture of the atom bomb test at Bikini. This picture has not been made available to the general public.	
Conservation Between Neighbors	45 minutes
This picture describes the agricultural conservation program and shows the part committeemen play in its development and operation.	
The World Is Rich	45 minutes
A pictorial presentation of world food conditions and the part the Food and Agricultural Organization hopes to play in improving these conditions.	
America The Beautiful	15 minutes
A film showing the scenic beauty of America.	





# A G E N D A

## PMA NATIONAL CONFERENCE

### THIRD DAY

December 8, 1948

- 9: 00 A. M. Conference reconvened by the Administrator
- 9: 10 A. M. Introduction of Under-Secretary Loveland by  
Glen R. Harris, Member of Board of Directors,  
Commodity Credit Corporation  
Address by the Honorable Albert J. Loveland,  
Under Secretary of Agriculture
- 9: 45 A. M. Introduction of representatives of the Secretary's  
Staff in attendance at the Conference
- M. L. Wilson, Director, Extension Service
- W. Carroll Hunter, Solicitor
- T. Roy Reid, Director of Personnel
- Arthur B. Thatcher, Chief, Office of Plant and  
Operations
- Ralph Roberts, Assistant Director, Office of  
Budget and Finance
- Edward M. Shulman, Associate Solicitor
- Edward J. Overby, Assistant to the Secretary
- William S. Chandler, Assistant to the  
Under Secretary
- O. C. Stine, Assistant Chief, Bureau of  
Agricultural Economics
- Barnard D. Joy, Assistant to Administrator,  
Research and Marketing Act
- M. L. DuMars, Office of Information
- 10: 00 A. M. Intermission
- 10: 15 A. M. Address by B. F. Vance, Chairman, Texas PMA State  
Committee, on Agricultural Conditions in Greece
- 10: 35 A. M. Address by O. M. Lassen, Chairman, Arizona PMA  
State Committee, on Agricultural Conditions in  
Denmark
- 11: 00 A. M. Adjourn
- 2: 00 P. M. Conference Committee Meetings  
to
- 5: 30 P. M.

### Evening

- 7: 30 P. M. The following motion picture will be shown in the  
to Ivory Room (Attendance Optional)
- 8: 45 P. M.

<u>Title</u>	<u>Approximate Showing Time</u>
Agricultural scenes in Greece	1 hour and 15 minutes

This picture consists of scenes taken personally by  
Mr. B. F. Vance when in Greece and illustrates  
vividly the damage to Greek farmland through lack  
of adequate conservation work.





# A G E N D A

## PMA NATIONAL CONFERENCE

## FOURTH DAY

December 9, 1948

- 9: 00 A. M. Conference reconvened by the Administrator  
9: 15 A. M. Conference Committee Reports by Committee  
Chairmen

Conservation Committee	E. Harvey Miller
Production Adjustment Committee	B. F. Vance
Price Support Committee	Harry M. Combrink
Marketing Committee	J. Ralph Graham
Administration Committee	James J. Love

- |              |   |
|--------------|---|
| 11: 15 A. M. | Intermission  |
| 11: 30 A. M. | Summarization of Conference Proceedings by the<br>Administrator |
| 12: 00 Noon  | Adjournment of Conference                                       |



Resolution read by Harold F. Thompson, Chairman, Massachusetts State Committee, and unanimously adopted by the Delegates to the PMA National Conference at St. Louis, Missouri on December 9, 1948.

One year ago at Colorado Springs this working organization of United States farmers united in the effort to guarantee stability and prosperity to this whole nation and all its people; studied together the problems of production and marketing of the food and fiber which makes our lives possible and pleasant and guarantee the possibility of sound democratic government. Under the dynamic leadership of Jesse Gilmer, then Administrator of the Production and Marketing organization of the Department of Agriculture, the farm leaders of this country made an honest appraisal of the national agricultural problems and made recommendations to deal with them. Out of that conference came the greatest advance in sound planning for American agriculture and the most valuable broadening of vision for farm leaders that has ever occurred in the history of American agriculture

Today we are closing the second such meeting of men engaged in this most fundamental and important industry. We have experienced another remarkable opportunity to plan for our national welfare and security and for the betterment of democratic government throughout the world. We have lost Jesse Gilmer for our leader but gained another man who is measuring up to the tremendous responsibility that this work involves.

While expressing our appreciation of the opportunity which came to us a year ago under Jesse Gilmer's leadership, we must make known our pleasure and confidence in his successor, Ralph Trigg, with the earnest and efficient administration he is providing.

We, as representatives of the working farmers of this greatest nation on earth, pledge ourselves to an honest, unselfish effort to do all in our power to provide an abundance of the necessities of life to all our citizens, while we take every rightful means to conserve our soils and carry on our industry in the manner which will guarantee a continuation of this abundance for generations to come.





UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

December 8, 1948

Mr. William Jump  
3247 Patterson Street, N. W.  
Washington, D. C.

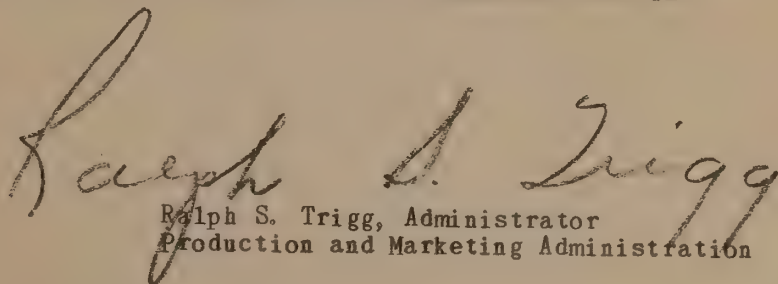
"We the delegates at the National Production and Marketing Administration conference wish to express our sincere regret that you were not able to be with us this week. We have missed you both personally and officially.

"Your wise and friendly counsel means much to us in PMA, as it does to all other agencies and groups within the Department of Agriculture. No man has contributed more to the building of sound administration for agricultural programs and services, and to the understanding and acceptance of these in the national interest.

"We look forward to sharing in many more years of the fine public service which you give in such full measure, and trust that you will be with us again very soon in person as well as in our thoughts.

"Secretary Brannan, who brought us an inspiring message yesterday joins in this expression of the appreciation and affection of that great legion who are proud to be numbered among your associates and friends."

I am very happy to transmit this resolution on behalf of and by direction of the conference which is assembled here in St. Louis.

  
Ralph S. Trigg, Administrator  
Production and Marketing Administration





Washington, D. C.  
December 15, 1948

Mr. Ralph S. Trigg, Administrator  
Production and Marketing Administration

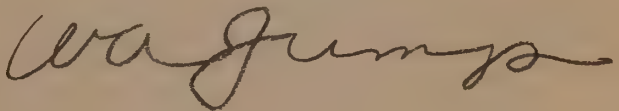
Dear Ralph and associates in PMA:

I deeply appreciate the telegram and the resolution of December 8 adopted by the Production and Marketing Administration conference at St. Louis. Receipt of your kind message right at this time was particularly helpful to me. I, too, am sorry I was not able to attend that meeting, which I am informed was most useful and heartening for the future.

I can say from personal experience that the Department of Agriculture, of which PMA is such a large and vital part, is a wonderful institution in which to grow up and spend a lifetime. The fact that the Department exists solely for the welfare of the people and for the improvement of life in America has built up a tradition over the years that I believe is felt by every one of us who is fortunate enough to share in working toward these broad and worthy objectives. PMA has both the privilege and responsibility of participating in much of this, and I extend my very best wishes for its continued success.

I should like to take this opportunity to thank all of my many friends and associates in PMA for their kindness and cooperation over the years. These qualities in the people responsible for carrying out the agriculture programs are among the outstanding characteristics that make the Department of Agriculture a wonderful place in which to work.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. A. Ruggs". The signature is fluid and elegant, with a long, sweeping underline that extends to the right.



UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

December 6, 1948

Office of the Secretary  
Department of the Army  
Washington, D. C.

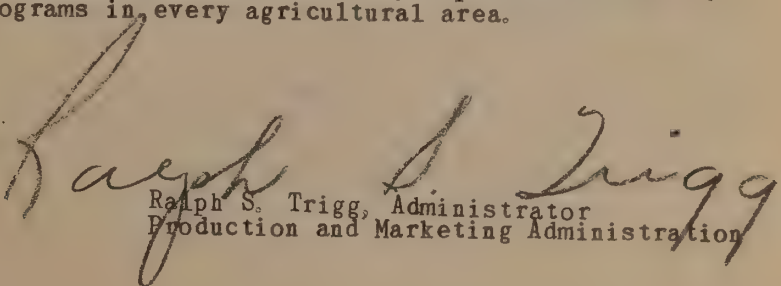
Attention: Hon. Tracy Voorhees, Assistant Secretary

It is a pleasure to transmit to you the following resolution which was adopted unanimously today by the delegates attending the National Conference of the Production and Marketing Administration, United States Department of Agriculture, at St. Louis, Missouri:

"We the delegates at this national agricultural conference have profited greatly from the report brought to us today by Stanley Andrews. His accurate, first-hand account of present conditions in Germany, and the progress which is being made in meeting the serious food problems of the European continent, will result in a better understanding of the basic problems involved and the part American agriculture must continue to play in the great task of world reconstruction.

"We therefore wish to express to the Department of the Army, and to General Lucius Clay in Germany, our deep appreciation of the fine cooperation which made it possible for Mr. Andrews to delay his return to Germany long enough to bring us his inspiring message. It has served a constructive purpose in the national interest."

The 400 delegates who express the above resolution come from all 48 states and the insular possessions. They represent the field offices of the basic marketing services of the Department of Agriculture and the one hundred thousand elected farmer committeemen who administer the country's production and conservation programs in every agricultural area.

  
Ralph S. Trigg, Administrator  
Production and Marketing Administration





## FEEDING GERMANY

By Stanley Andrews

(Mr. Andrews -- Chief of the Food, Agriculture and Forestry Group, Bipartite Control Office, American Military Government, Frankfurt, Germany -- spoke at the Conference luncheon on Monday noon, December 6. He gave an entirely extemporaneous address, and there was no transcript of his remarks. The following is merely a brief summary of some of the points Mr. Andrews covered in his informative and inspiring talk.)

The Western Allies must stay in Berlin in order to protect their prestige and position in Europe. The Berlin "airlift", a tremendous and dramatic undertaking, is alone making it possible to do so. The airlift has become the symbol of our determination.

Food has top priority as airlift cargo. Literally millions of tons are required to feed the two and one-half million people in the areas of the city controlled by the Allies, and they are all going in by air. Every effort, including processing in advance, is made to cut down the volume and weight of the necessary food shipments. These efforts have been successful. We have learned much through the airlift program -- both about air transport and about food handling.

The United States and Britain also have a big job in making up food deficits in Western Germany. Always a deficit area, normal food imports from the East are now cut off. Even with local production back near normal, imports from some source will still be needed to bring food supplies up to the bare minimum. And the United States has been, and must continue to be, the chief source of such imports.

It is costing the United States and Britain more than 900 million dollars a year to do the German feeding job, even with shipments limited to the least expensive basic food commodities (such as wheat). Money is simply not available to buy any foodstuffs which are relatively costly per unit, no matter how much they might help in varying the diet.

American farmers deserve special recognition -- a flag of achievement -- for their production efforts which have made possible record exports from this country in recent years. Without these food supplies, turned out by United States farmers, the world would be in much more trouble than it is. And our farmers must face the fact that many areas still depend on them for the agricultural products which will provide the basis for reconstruction. Without this production, present conditions would be bad and the outlook for future world stability would be dark indeed.



UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

THE JOB AHEAD

An address by Ralph S. Trigg, Administrator of the Production and Marketing Administration and President of the Commodity Credit Corporation, opening the PMA National Conference at St. Louis, Missouri, on Monday morning, December 6, 1948.

A year ago, when we held our first national conference at Colorado Springs, the Production and Marketing Administration was still a young organization -- still working toward that full coordination and integration of operations which make for top efficiency.

Today, we can review the developments of the past 12 months with a good deal of satisfaction. Administrative lines have been more definitely established, and they have been clarified. Program planning and direction have been proved in operating experience. From the local farmer committees and the farthest field offices, at one end of our administrative structure, to the branches in Washington, at the other, we are operating as a team.

It is a good thing that this is so. Agricultural services in general -- and PMA in particular -- face new responsibilities. The farm programs which have been developed during the past 15 years have been judged and found satisfactory. In effect, we have been given a "go ahead" signal, to continue and strengthen our efforts in behalf of agriculture, and of all the people. This expression of confidence is gratifying, but let us not forget for a minute that it carries with it a heavy responsibility.

We have not finished the emergency jobs which mark the post-war years, and yet we must already plan to make the necessary adjustments to a more normal period. While high domestic demand and large export outlets are still with us, we must nevertheless be ready to meet the inevitable problems which lie ahead.

Speaking of the unusual demand situation of recent years, we should all take pride in what PMA and the Commodity Credit Corporation have accomplished with special export programs. Last year, for the third successive time, the United States set a new all-time record for shipment of foodstuffs to foreign countries. More than 19 million 300 thousand long tons left our shores during the 12 months ending last June 30. This compares with the pre-war average (1935-39) of only 4 million 200 thousand tons each year.





I want to call especial attention to one important fact in relation to this export volume. In spite of the record shipments last year, civilian per capita food consumption in the United States was still 14 percent above the pre-war average. And I need not remind you of what these exports meant in gaining acceptance of our foreign policy.

PMA bought and shipped well over half the total volume of food exports during the 1947-48 year. We have been operating at approximately the same rate so far during this fiscal year.

There have been many other instances of outstanding achievement during the months which have passed since our last conference. It has been a good record, and it would be pleasant to spend more time in calling the roll of accomplishments. This is a time, however, when we must look ahead, not back. As I have said before, recent events have given us even greater responsibilities. We must tighten up our operations wherever possible; improve our programs and their administration; be ready to meet new problems; and, at all times, have sound and logical reasons for everything we do.

While the primary interest of PMA is the welfare of American agriculture, this involves much more than production. Efficient marketing and distribution services are just as important, in a well rounded program, as are those activities which have to do with the farm directly. In the final analysis, however, adequate farm income is at the bottom of the whole structure of agricultural welfare. We should therefore look carefully at a few danger signals which have already appeared. These indicate that we may be coming to the end of the period of virtually unlimited demand -- the period when our main concern has been to help farmers produce all they could.

Average prices received by farmers were 20 percent above the parity level in July. Since then, the ratio has shown a steady decline until in November it was only 10 percent above parity. That in itself is not cause for too much alarm. Maybe some prices were a little out of line, and it was not long ago that we used to think that we were pretty well off with prices at parity. The steady decline in the relationship between what the farmer pays and the prices he gets should make us stop and think. Where will agriculture be if this trend goes too far?

This brings us to the question of possible over-production -- the danger of the "surpluses" which have caused the farmer so much grief in the past. Every effort must and will be made to find new uses and market outlets to take the place of those which will be lost when the post-war emergency period is over. Strongly staffed international agencies, like the Food and Agriculture Organization, are working steadily on this problem. There is also much that can be done on the domestic front to broaden markets. But even when everything possible is done to increase distribution, we know that there will still be need for major adjustments in our production pattern. Our methods of getting adjust-



ments -- our "controls," if we need them -- must be streamlined and strengthened. Fortunately, we have the experience of a large number of faithful employees at the grass roots, such as yourselves, to guide us and help us.

Closely linked with production and marketing adjustments will be the question of adequate price supports. Price supports must not be so high and inflexible that they tend to encourage over-production and work against the very adjustments we need. At the same time, they must offer a solid floor which will keep farm prices from breaking down to ruinous levels. Our farmers -- and the Nation as a whole -- cannot afford the sort of economic collapse which we remember so bitterly from the twenties and the early thirties.

The problem is to find the sound middle ground which will avoid both of these extremes. That is a job for the Department of Agriculture and the Congress to work out, with the help of the farmers of the country.

About price supports -- I hope all of you have studied carefully the text of the recent Department press release about the 1949 potato program. It contained a statement by Secretary Brannan which was very significant. The Secretary made it clear that he did not believe in low prices as a primary means of getting needed production adjustments. He was forced to approve a 1949 potato support at 60 percent of parity, the bottom of the permissive range, because there were no Congressional provisions to bring about long overdue potato adjustment in any other way. The Secretary stated clearly that the decision for potatoes should not be regarded as setting a precedent for other crops, and that he intends to ask Congress for legislative revisions which will provide a sounder way of seeking adjustments.

We in PMA will have a direct part in any action to widen outlets for farm products. This means outlets abroad as well as at home. We have had experience in encouraging exports in peace time. Agriculture's share of customs receipts -- the Section 32 funds -- have been used effectively in the past. They can be used again, and other methods can be developed. Plans such as the International Wheat Agreement could be very helpful. Working with other agencies of our own Government, and with other governments, we must try to hold substantial overseas markets for our farm production.

The business of putting a floor under consumption here at home also holds great possibilities. Our very successful National School Lunch program is a good illustration -- the best we have at present. Before the war, when food surpluses were really piled up, our predecessor agencies tried out extensive food distribution programs. Direct distribution to needy people and institutions, new use and diversion programs, and other methods have all had a place in our experience. Built on the lessons of the past, we must be ready with practical plans to keep up consumption when the need comes. Farmers will need the markets; con-





sumers will need the food and fiber. The important thing to remember is that we cannot stand idly by and permit a repetition of the tragic paradox of "want in the midst of plenty."

Even greater demands will be placed upon our marketing and marketing service programs in the months and years ahead. The work we are doing under the provisions of the Research and Marketing Act is very important in this connection. No stone must be left unturned in our efforts to gear these research projects to the really important problems, and to see that they are carried through with every efficiency.

Then there is always the problem of conservation. Nothing is more fundamental in our whole farm program than the continuing need to protect and rebuild our agricultural resources. The ACP program has accomplished a lot in recent years, in spite of budget problems and the fact that farmers have had to produce at record levels in the emergency. But we know that the really big tasks still lie ahead. When abnormal demand for farm products finally tapers off, we must be ready to tie together as closely as possible the necessary production adjustments and sound conservation practices. At that time we will need to know the extent to which it is wise to swing more to a livestock economy, giving greater encouragement to a type of farming which will in itself promote greater conservation.

My feelings are strong about this basic conservation problem, and I want to say a few words about it. We in PMA, the group which conserves the soil through sound practices on millions of farms instead of through ghost writers and magazine articles, know that direct Government assistance to farmers -- incentive payments to cover part of the out-of-pocket costs -- are absolutely essential if adequate national conservation is to be achieved before it is too late. Conservation research is important; high technical standards are a "must" in any sound program; education and demonstration will provide the needed background of understanding; but without financial assistance -- to stimulate immediate action and provide the incentive for a great majority of our farmers to conserve now -- the job just won't be done "in our time" There is so much at stake here, both for our farmers and for the Nation as a whole, that our Government and Congressional leaders, and the public as well, must be given a full understanding of the urgent need.

When I consider these problems for the future -- and I have mentioned only the highlights of a few of them -- I am thankful that we have the farmer committee system -- the great field arm which reaches into every farm community of the Nation.

When the leaders of the original Agricultural Adjustment Administration set out in the early thirties to establish a field committee system, which would bring farmer leadership into the local administration of the farm programs, they got what they went after. But I doubt if even these farsighted men realized the part the committees were destined to play in the over-all agricultural picture.





For one thing -- and a very important one -- the committee system has turned out to be a marvelous training corps for leadership. It has of course developed very strong local leaders in every farm community in the country. In addition, the ranks of the local, county, and state committees, and the farmer fieldmen staffs, have been drawn on heavily for top administrative positions in public service agencies.

A quick check, which is far from complete, has turned up more than 50 former committeemen or farmer fieldmen who have been selected for important positions in the Department of Agriculture or other federal and state offices. The list shows a United States Senator, two Congressmen, a state Governor, a member of the Federal Reserve Board, an agricultural attache in a United States embassy abroad, a former Secretary of Agriculture, a former Under Secretary and the present Under Secretary of Agriculture, the Director General of FAO, and many other national and even international leaders.

PMA itself has placed the greatest reliance upon former committeemen in staffing its top offices. Recognizing the need to reflect the basic interests of agriculture, and the practical thinking of agricultural people, we have turned to the committee system frequently. I will name just a few, by way of illustration. Bill Crawley, former Alabama Chairman, is Assistant Administrator for Production; Elmer Kruse, former Chairman in Ohio, is Manager of CCC, and his Assistant, Harold Hill, came to Washington from the committee in Wisconsin; Chet Downen, former Washington Chairman, is Chief of the Administrator's Fieldmen. Al Loveland of Iowa headed our ACP Branch before moving up to be Under Secretary, and Alvin McCormack, recently Idaho Chairman, is now Director of this Branch. Other Branch Directors who came from the committee system include: C. D. Walker of Oklahoma, Cotton Branch; Lee Smith of Nebraska, Grain Branch; and L. B. (Bunny) Taylor of Idaho, Price Support and Foreign Supply Branch.

In addition to this group of top staff men, three of the five members of the new CCC Board of Directors are former state committeemen; Al Loveland of Iowa, Carl Fry of Tennessee, and Glen Harris of California.

It is no accident that so many men who got their training and experience in the field now handle our important administrative posts. So far as I am concerned, I have deliberately planned it that way. In the first place, they have the background and ability. Then we have very definitely turned to this recruiting source to be sure that the administration of our farm programs was kept on a practical basis -- that the fundamental interests of agriculture were all kept to the front in planning and directing programs and operations. This gives us an excellent staff balance between practical farmers and experienced career people.

PMA is very fortunate in the high caliber of the career people who head up its program and service operations.



It would be very difficult to find a more competent group of men than those who direct our Branches and staff offices in Washington. The same is true of the commodity, market service, and other field offices. Most of them have had long years of experience in their government positions. And I want to say personally that these men, without exception, are rendering the loyal, efficient service which makes possible the success of our joint PMA operations.

While we are talking about staff personnel, it might be of interest to you, as it was to me, to know the geographic spread, by state of origin, of the top men in the Washington offices. I requested a survey of the 168 members of the staff who rank as Division Chiefs or higher. And we found that these men come from 41 of the 48 states. And there are many from the other 7 states in the working organization. I think this spread is a very fine thing and that it indicates the balance in PMA. It is one of the reasons PMA is able to handle national programs, with all the regional variations, with full understanding of the local agricultural problems involved. No single area of the country dominates our thinking or planning.

The fact that so many of our present administrative leaders have been drawn from the former committee system is significant, but it is of course not the chief reason why I am thankful that we have the elected committees. I need not take the time to remind you in detail of the many things these committees do. In addition to their basic function in handling local administration of the ACP and acreage allotment programs -- the definite assignment they are given under legislative provisions -- the committees have proved their worth in many other ways.

During the war, Government agencies turned to our committee system in repeated emergencies, and the committees took the jobs on successfully and without losing a step. You remember their work in rationing farm machinery, recommending draft deferments, advising local boards on gasoline rationing, handling milk production payments under the war-time subsidy programs, protein meal distribution, and many other special tasks. I am thinking of one specific job the committees took on during the emergency years, which never received the attention it deserved. When corn was desperately needed to keep war industries going, local committees went out among their neighbors and got 70 million bushels. Many said this could not be done, and in fact no one else on earth, except local committees in whom farmers have confidence, could have done it.

And the committees keep right on doing outstanding jobs whenever they are called upon. Quite recently, they worked successfully in organizing grain bin demonstrations to help farmers build up their own storage facilities to handle the record 1948 grain crops. They took on the extra work in connection with the 50 dollar advance loans on cotton, when cotton classing could not keep up with the big crop this year. I could name many more instances of this sort of service.





The point I want to make is that the farmer committees -- which have proved themselves in so many ways -- are in my book the very salvation of the national farm program. It has been and will continue to be my policy to handle all of our programs, wherever possible, through state and county committees. If I am wrong on this premise, and you do not agree, I would like to know it right now. This conference is for that purpose, along with its other responsibilities.

Possible ways to strengthen the committees, at the state, county or local level, should be given every consideration, and I hope you will do so during the conference.

We have taken steps during the past year to increase the effectiveness of the two-way working relationship between the committee system and the Administrator's office in Washington. To be most effective, the thinking and recommendations of the farmer committees must reach us quickly and directly, so that we can reflect this experience in our administration. Likewise, policy and operational decisions by the Administrator and his staff must get out to the committees in all states promptly and clearly.

The Administrator's Fieldmen plan was established to provide this needed administrative channel. Experience has shown that, as the personal and official representatives of the Administrator, the Fieldmen can and do clarify areas of operation clear across the board. They do not speak for any one program; they are directly interested in all our programs, and in the proper integration of all of them, with the objective of achieving the maximum service for agriculture.

The Fieldmen plan was working so well that we decided it would be advisable to increase their number from 5 to 9. This makes it possible for the Fieldmen to make all necessary contacts, and to have more time to help all field offices within their districts. Chet Downen came in to Washington to work directly with me as Chief of the Administrator's Fieldmen staff. I am sure you will agree this has increased our operating efficiency greatly. I know the Fieldmen have been tremendously valuable to me, and their value to the field offices will be measured directly by the use these offices make of them and their services. These boys are just as interested in price support, distribution, marketing, and marketing service programs as they are ACP and production adjustment.

A year ago, at our Colorado Springs Conference, we tried the plan of having a number of specific committees to consider and report on all phases of our programs and operations. Looking back on the results of this effort, I can now report that it was successful beyond our most optimistic expectations. Every delegate at the conference sat with one of these working committees, and all made contributions in the deliberations. The suggestions and recommendations were carefully tabulated and given direct and full consideration.



In total, the conference committees last year submitted 180 rather definite recommendations -- all based upon sound thinking and real needs. Obviously, they could not all be put into effect at once. Many involved possible action by the Congress or by other administrative authority. Some few would have resulted in contradictions or serious administrative difficulties.

But let me report to you that direct action has been taken on the great bulk of the recommendations. Many of the specific ones were put into effect at once. Others, which were more general, were taken up by the special group of state and county committeemen we appointed last spring to consider the whole field of price support and production adjustment policies. More definite recommendations from this group were then used as the basis for official suggestions and action. The recommendations which would involve action by other agencies or by Congress were passed along to the appropriate officials for consideration.

That your suggestions carried real weight is shown by the fact that many of them were reflected in subsequent decisions and developments. For instance, the substance of a number of the resolutions can be found in the Agricultural Act of 1948, which was passed by the Congress last summer. One instance is your suggestion about a single parity formula, based upon a moving average price for a ten-year period. Another was your recommendation that responsibility for agricultural programs and policies rest with the Secretary of Agriculture, rather than with some national council. The basic principle of a number of the other recommendations was included in the new Act.

This is a record we can be proud of. The reports from the conference committees helped guide our planning, and gave us the backing needed to get consideration of the suggestions in key places. The committee work of the conference last year proved so effective that we decided to follow the same plan this year, with changes and modifications necessary to focus attention more definitely on the major problems before us.

This year, the number of committees has been reduced to five: Conservation, Production Adjustment, Price Support, Marketing and Administrative. A member of a State PMA Committee is serving as Chairman for each conference committee, with an individual selected from the Washington staff as Secretary. More time has been allowed this year for committee deliberations.

Obviously, we look to the work of these five committees for the major accomplishments of the conference. They are to be "working committees" in the literal sense. Outlines for discussion have been worked out by the chairmen, but these are not sacred. No one is going to tell you how to handle your discussions -- what to discuss or what conclusions to reach. We want to hear from you. We want the benefit of your experience and judgment. If the conference approves the reports the committees will submit on Thursday morning, you can be sure that we will be guided very definitely by the suggestions and recommendations which are made.



I cannot emphasize too much the importance of these committee reports. You will of course avoid any narrow bias, or criticism of other agencies. Within this obvious limitation the reports should indicate the full and frank opinions of all of you. We mean it when we say that we depend on your experience and judgment. There is no way in which you can do more for PMA and CCC -- or for American agriculture in general -- than by helping us draw blue prints for the future which are sound, and which will meet the fundamental needs of agriculture. PMA and CCC are operated in a manner which leads to the highest degree of integration and efficiency. The Manager of CCC for all practical purposes is an Assistant Administrator of PMA, and has supervisory authority over all PMA, personnel engaged in carrying out the corporation's programs.

We are entering a period of great transitions, and there will be many problems. This could easily be termed the most important conference in the history of American agriculture. In many ways we are at the cross roads. What we do here at this conference can have its good or bad effects on agriculture and the national economy for years to come. We are not afraid of the jobs ahead. In fact, we welcome them. I am confident that we, working together as a PMA team, can find the right answers and see that practical, effective programs are carried through to successful conclusion.





UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

NEW LEGISLATION OF INTEREST TO PMA

Address of Frank K. Woolley, Deputy Administrator of the Production and Marketing Administration and Vice-President of the Commodity Credit Corporation, before the PMA National Conference, St. Louis, Missouri, Monday forenoon, December 6, 1948.

It is indeed fortunate that we can at this time have our national PMA conference. For now is an appropriate time for us to take a good look at our over-all farm program from the legislative and administrative standpoints--and for you in the field to give Washington your thinking and advice on such matters.

PMA operates on a broad base of legal authority. Embraced in this authority are laws which cover a wide range of regulatory activities and provide a variety of marketing services. Also included are the important laws that form the basis of our action programs--among these laws being the Marketing Agreement Act of 1937, the Agricultural Adjustment Act of 1938, Commodity Credit Corporation legislation, and the Research and Marketing Act of 1946. Mention must also be made of the authority under Section 32 which, among other things, makes possible direct distribution of surpluses to charitable institutions, school lunch programs, and other outlets.

To these we now can add the Agricultural Act of 1948 and the new Commodity Credit Corporation Charter law passed by the last Congress. These new laws are vitally significant to our current agricultural program situation. So I want to discuss with you the historical background of the Department's considerations and recommendations on this new legislation.

The Agricultural Act of 1948 is not the end of the road as far as legislation for agricultural programs is concerned. Rather, it represents another step in the evolutionary process of keeping farm legislation in step with the times. As this group well knows, the struggle for farm equality began many years ago. The Federal Farm Board, the McNary-Haugen Bill and other measures of the twenties were attempts in this direction. But for one reason or another, they were not put into operation or failed to do the job. Then came the comprehensive efforts to achieve farm parity that began in 1933, through which most of you have lived and worked.



But coming down more recently, we could say that November 12, 1945, marked the beginning of another evolutionary period that resulted last June in passage of the Agricultural Act of 1948. It was at this time that the then Secretary of Agriculture Clinton P. Anderson,--speaking before the heads of the State departments of agriculture at Memphis, Tennessee--first sounded the call for grassroots thinking on efforts to develop a future agricultural program that would more nearly obtain economic equality for agriculture. It was emphasized that the basic agricultural terms on which farm programs were then based should be re-examined and re-defined in view of changing needs. Specific attention was called to the need for a modernized parity formula.

From time to time in the months that followed, the need for new legislation was reiterated. In due time, however, the Department began broad-scale efforts to present to Congress recommendations for a permanent farm program.

Let me list a few of the highlights:

In March of 1947, under the leadership of the then Assistant Secretary Brannan, committees were set busy on drawing up recommendations on long-range over-all programs and policies.

In April, 1947, the Secretary first presented his views on a long-range program to Congress. He stated his belief that "the one practical policy for agriculture" is "a policy of organized, sustained, and realistic abundance."

In October of 1947, full-scale long-range hearings....led off by our present Secretary....were held before the House Committee on Agriculture and a subcommittee of the Senate Committee on Agriculture and Forestry. The Department's testimony focused attention on programs and policies needed to serve best the general welfare of the Nation and interests of U. S. farmers.

In December of 1947--at last year's national PMA conference--committeemen and others from our field force were asked to make recommendations on long-range policy related to PMA programs. This was in full recognition of the benefits that come from practical farmer thinking and experience in administering programs locally. A review of last year's committee recommendations need not be given here. However, the PMA committee on price policy and production adjustment suggested that a group of State and county committeemen be appointed to make a detailed study of a modernized parity formula. Such a committee was appointed, consisting of 15 state committeemen and five county committeemen.

In April of 1948, this special committee met in Washington. Among other things, it went on record as favoring:





First, a modernized parity formula;

Second, mandatory price support at from 75 to 90 percent of parity for the basic commodities;

Third, from 60 to 90 percent for other agricultural commodities;

Fourth, all other commodities to be supported at the same level as the basics, if producers develop an effective program of acreage allotments and marketing quotas or some similar machinery for effectively controlling production or marketing. In addition, this committee also favored no price support when quotas were defeated in a referendum.

Senate hearings were being held at the same time the State and county committeemen met, but they were postponed a week so that the conclusions of this special group could be studied by the Secretary and made a part of his presentation to the Senate Committee.

While we in the Department were doing this work, other steps were being taken by Congress to develop a long-range agricultural program.

As most of you committeemen know, both Houses of Congress set up special committees to study long-range programs and policies. In doing so, they invited all interested groups of agriculture to present their views. Many of you participated in one or more of the series of meetings held by these Congressional committees throughout the country to obtain farmers' viewpoints first-hand. These hearings are still going on. Only last month the House Committee held additional field hearings in California.

Before discussing the provisions of the Agricultural Act of 1948, as it was finally passed, some resume is in order on the Department's over-all recommendations to Congress for a long-range agricultural program.

In general terms, these were the Department's recommendations--either directly or indirectly affecting price supports--of great interest to PMA:

1. Measures to maintain a floor under consumption, as first line of defense against surpluses and low prices. In addition to this, conservation, research and education, marketing agreements and an effort to maintain foreign markets were recommended as parts of the "first-line defense."
2. Modernization of the parity price formula.
3. A price support program that would provide for discretionary action by the Secretary both as to support levels and method of operation.



4. Improvements in measures that help adjust production and marketing to demand, such as allotments and marketing quotas.

Early in the spring of 1948, two bills were introduced in Congress--the so-called Hope Bill, and the Aiken Bill. The Agricultural Act of 1948 became law, as a compromise between these two. Perhaps the most basic point of compromise was between the House group--that advocated continuation until 1950 of emergency wartime price support legislation at a fixed 90 percent of old parity, and the Senate group--that supported adjustable price support under the new parity formula at from 60 to 90 percent of parity as embodied in the Senate Bill.

As passed by Congress, the new Act contains much of the philosophy on price policy and other matters recommended by the Department. And last summer it appeared wise, in the interests of agriculture, to work for the best possible law before Congress adjourned in June.

The House Bill, containing substantially a simple extension of wartime price support, became law covering 1949 crops. Generally, supports were continued at 90 percent of parity with some exceptions--such as the 60 to 90 percent adjustable provision for potatoes which becomes effective next year. The Senate Bill, containing the permanent provisions which amend the Triple-A Act of 1938, became law for crops and livestock products produced in 1950 and afterwards.

What are the provisions of the new Act of most significance to PMA programs? First, the new modernized parity price formula. As you know, the old parity formula provided, in substance, that the parity price for a commodity should be the price which currently bears the same relationship to the prices of things farmers buy that existed in a past period, such as 1910-14. However, only 47 of the 157 commodities on which the Bureau of Agricultural Economics is now calculating parity remain on the 1910-14 base. And some commodities which are important today were produced in little or no volume in 1910. On the other hand, the effect of the new formula is to retain the 1910-14 relationship between the prices of agricultural commodities as a group and the prices of things farmers buy, but to use the most recent 10-year period in determining the parity prices of individual commodities, as well as the parity relationship between farm commodities. Since livestock prices for the past 10 years were generally more favorable than others during this period, the new formula will on the one hand result in higher parity prices for livestock items, and on the other will mean lower parity prices for many of the field crops.

No formula can please everyone. No formula will be perfect, but many people feel very strongly that this one is the best yet designed for keeping a fair parity relationship among commodities. Many people also believe that it establishes a fair relationship between agricultural and non-agricultural prices. Important, too, is the device for



keeping parity prices up to date by automatically moving the 10-year base forward one year annually. Moreover, in case the application of the new formula should bring about too drastic a downward revision in the parity price for any commodity, the new law has a provision which prevents the parity price from dropping more than 5 percent a year until it comes into line with other commodities. This is referred to as the "transitional parity price." This provision should not be misunderstood--it applies to the parity price, not the support price of a commodity.

A second extremely important part of the Agricultural Act of 1948 provides for a permanent price support program, beginning with 1950 crops. For basic commodities, as well as wool and Irish potatoes, the range of support is from 60 to 90 percent of parity--with additional special provisions affecting tobacco and wool. On all other commodities, price support is permissive at levels ranging from 0 to 90 percent of parity, at the discretion of the Secretary of Agriculture.

The adjustable features of the Act which give the Secretary authority to use his judgment in varying the level of support, have come in for a great deal of discussion. They should be thoroughly explored and reviewed by this group before the Conference has come to a close.

It is interesting to note that one of the original Senate Committee drafts of the law provided that the sliding support scale set forth in the Act, should be the level at which prices would be supported under changing supply conditions, with no discretionary powers, in any one to vary the rate of support. The Department recommended that this fixed support be converted to a floor, with discretion on the part of the Secretary to vary the level of support up to 90 percent, when advisable.

As you know, the minimum level of 60 percent is the point below which the Secretary cannot set price supports whenever the total supply of a commodity is 130 percent or more of normal. From the 60 percent minimum level, the price floor gradually moves upward to 90 percent as the total supply declines to 70 percent of normal. If the total supply is 100 percent, or--in other words--is in balance or equals the normal supply, the minimum level at which the Secretary can support the commodity is 75 percent of parity. However, the Secretary always has the authority of going higher than the minimum level, so long as he does not exceed 90 percent of parity.

Another important point in connection with the support level is this: If acreage allotments or marketing quotas are in effect, the minimum support level is automatically increased by 20 percent. Consequently, under such conditions, the lowest possible support level would be 72 percent of parity for cooperators. As the minimum floor is raised, as warranted by supply conditions, the bonus for acreage allotments or marketing quotas goes along with it. For example, again when the supply of the commodity for a crop year is in balance with the normal





supply, the minimum price support, as pointed out, is 75 percent of parity. However, when you add a 20 percent bonus for acreage allotments, this would mean that the minimum and the actual price support level would be 90 percent of parity. In other words, 90 percent price support is mandatory when supplies are in balance and controls are in effect to keep them so.

In this connection, it should be explained that the only time the Secretary can support the price of a commodity in excess of 90 percent of parity is after a public hearing in order to maintain or increase production of a commodity in the interest of national security.

Some fear has been expressed that mandatory 90 percent of parity in 1949 for the basic commodities may result in a lowering of production of other needed crops and might artificially block desirable shifts of production from one commodity to another. Your consideration of price support matters should keep this problem in mind. Incidental to this discussion, there is one provision in the Agricultural Act of 1948 which was in the committee drafts--and later in the final Act--with which the Department of Agriculture never did agree, namely, that when producers vote down marketing quotas, they receive a price support of 50 percent of parity. As I mentioned earlier, the committee on price supports that was appointed in line with PMA conference recommendations last year, was also opposed to this provision of the Act.

An extremely important feature of the new Act is represented in the standards it sets up for determining the level at which prices shall be supported whenever the Secretary is vested with authority to establish levels. These standards apply to commodities in the "permissive" group, as well as commodities on which price support is mandatory.

These standards include: (1) the supply of the commodity in relation to the demand therefor, (2) price levels at which other commodities are being supported, (3) the availability of funds, (4) the perishability of the commodity, (5) its importance to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price support operation, (7) the need for offsetting temporary losses of export markets, and (8) the ability and willingness of producers to keep supplies in line with demand. The topics suggested for consideration by your Price Support Committee include a question as to how much weight should be given to each of these standards. A clear-cut recommendation from this Conference as to just how these standards should be applied will be one of the finest contributions you can make this week.

As the quantity of commodities held by the Commodity Credit Corporation grows larger in future years, more and more responsibility will be placed on producers and that last standard--the ability and willingness of producers to keep supplies in line with demand. We are all acutely conscious of a current problem for which we have not been



able to work out a real solution with existing tools, -- that of keeping potatoes supplies in line with demand. More and more people are coming to a fuller realization that we must keep supplies in line with demand if the farm program is not to be seriously imperiled--even though the type of control needed may have features objectionable to some.

A third very fundamental provision of the new Act has to do with the financing of price support programs. This provision, incidentally, is in response to the Department's general request for a policy guide on price support programs. It provides that price supports on storable commodities be financed from CCC funds, while non-storable or perishable commodities, will be financed from funds appropriated each year by Congress--Section 32 funds specifically. This provision represents an important line of demarcation for program administration.

The new Act also provides that \$300,000,000 of Section 32 funds may be carried over from year to year. However, the fact is that in recent periods these funds have been at low ebb. Relatively little has been left for handling perishables after school lunch appropriations.... \$75,000,000 this year... have been deducted from it. However, an amendment that became part of the law somewhat alleviates this situation. Under this amendment, the Department may now use for supporting perishables such funds as are left of a post-war price support fund made available by Congress in 1946.

In addition to these more or less broad and fundamental provisions, it is interesting to note some amendments made on the floor of the Senate, and which became part of the law. These included: 90 percent mandatory price support for tobacco when marketing quotas are approved.... 60 to 90 percent mandatory price support for wool, the Secretary to set a level that will encourage shorn wool production of 360,000,000 pounds annually (which should mean 90 percent of parity on this commodity for several years).... mandatory 60 to 90 percent of parity price support on Irish potatoes, with no mandatory support for other perishables.... mandatory price support on broilers, ducks, ducklings, and other poultry, if price support is made available on chickens and turkeys.

As might be expected, a number of the Department's recommendations on long-range legislation did not become law. In many cases, these omissions were of a significant nature.

No stand-by legislation was provided for a food allotment plan or similar measure as a first line of defense against surpluses. A bill which outlined Department recommendations for such a plan was pending in the Senate when the Senate farm bill was being considered.

Some of the changes the Department felt necessary in acreage allotment and marketing quota provisions did not become part of the law. Present allotment provisions on





cotton, for example, do not make it possible to allow for production changes that have taken place in recent years. For example, if we apply the formula in the Agricultural Adjustment Act of 1938--instead of adjusting downward from this year's goal of 22 million acres to what is needed--we would have to increase the allotment to 27 million acres.

The Department recommended that marketing agreements and orders be made available for all agricultural commodities. This recommendation was taken care of only to a limited extent in that marketing practices can be made a condition of eligibility for price support.

Closely related to the new legislation in the Agricultural Act of 1948 is that which provided the new Commodity Credit Corporation charter. In April 1947, the Department was requested to submit for the consideration of Congress a draft of a Charter Bill for the Corporation.

As recommended by the Department, the new Charter for the Corporation would have continued the CCC in substantially the same form as before, and with the same powers it had under the old Delaware Charter. The Charter Bill as approved by the Senate with minor modifications, carried out Department recommendations. However, changes were made in the House that withdrew from the Corporation the right to acquire any interest in real property. This, of course, meant that we could no longer lease ground upon which to locate our grain bins after the present leases expire. Another provision prohibits the Corporation from acquiring facilities for storing commodities owned or controlled by it. When the Charter Bill was considered by the House, one Congressman pointed out these defects and had this to say: "There are two very serious defects in the Bill as it now stands," and emphasized that "These provisions severely restrict the operations of the CCC and, in my opinion, make it very difficult for the agency to carry out the duties imposed on it by law."

As I mentioned earlier, the Agricultural Act of 1948 and the CCC Charter Acts are not the final answer for Agriculture. They do provide several important steps forward, but before Agriculture has a complete and adequate set of legislative tools, other measures will be needed. The Chairmen of each one of the conference working committees have outlined questions you will consider here during the next few days. As your discussions progress, you will think of others.

On such questions we again seek the thinking and experience of farmers, and the committeemen who have served them so well for 15 years. And, by no means to be overlooked, is the experience of those who for many years have effectively carried out our present marketing programs.

In fact, the responsibility for insuring the continuation and constant strengthening of our programs and services rests upon the entire PMA staff. In carrying out our responsibilities, we should look beyond immediate gains



for the next two or three years. Farmers themselves are now in an excellent position to make changes that will insure more lasting advantages in the future.

We as an agency must now give our best efforts toward achieving the most effective permanent program for American agriculture. Should we fail, we will have wasted the best opportunity a group can expect to have. For now is the time to formulate policies and programs that farmers and consumers both can live with in the years to come.

#



UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

PROBLEMS OF THE COMMODITY CREDIT CORPORATION  
AND THEIR RELATION TO  
THE PRODUCTION AND MARKETING ADMINISTRATION

An address by Elmer F. Kruse, Manager, Commodity Credit Corporation, before the Annual PMA Conference at St. Louis, Missouri, Tuesday Morning, December 7, 1948

My friends and fellow workers: - I am indeed glad to be here to talk over mutual problems with you. The problems are mutual because they affect all of us here today, who, directly or indirectly, represent the Commodity Credit Corporation, the Production and Marketing Administration, and the farmers of this country.

I am old-fashioned enough to believe that the economic health of this Nation depends upon the economic health of agriculture. And, to go a step further, I am convinced that the economic health of agriculture depends upon a fair income for farmers. Given a fair share of the national income--and a stabilized income--farmers can be depended upon to do their part. That has been amply demonstrated by the truly magnificent record of production achieved by farmers over the past 10 years.

The Commodity Credit Corporation was established in 1933 as one means of providing farmers a fair income. I say "one means" because, in 1933, the Corporation was only one segment of the over-all program that was being developed for agriculture. But, with the passing of the years, the Corporation has assumed greater and greater importance. Today, the Corporation is definitely in the category of big business.

Speaking of big business - let us for a moment consider the scope of operations of the Corporation and the channels that are followed to execute the business of the Corporation. The operations include the vital loans and purchases that are being made for price support and that effect the millions of farmers of the United States. These operations also include the heavy purchases that are being made for supply, principally for use by the Department of the Army, which is handling the relief problems in occupied areas, and for the use by the Economic Cooperation Administration, which is seeking to rehabilitate the 16 so-called Marshall Plan countries. All of these operations are under the supervision of the Manager. However, the CCC does not employ a sufficient staff of employees to handle these operations. It utilizes the facilities of the PMA -- under delegated authority to the various com-





General copies of the "Report of Proceedings, 1946 National Conference" are enclosed - One copy of the report should be forwarded to each of your delegates (from Washington and the field) for the conference.

A very limited reserve supply of this Report is available for those delegates who have need for an additional copy. Requests for extra copies should be made by communication to the Administrative Services Division, Budget and Management Branch, Washington, D.C.

If additional copies of the Committee Report, Appendix, etc., are needed, it will be necessary for you to arrange for distribution.

Copy sent:

Wakabi  
Larkin  
Carson

Young  
Hickland  
Young  
Hickland  
Young  
Hickland

Enclosures

G. L. Fritchard, Dir  
Fats & Oils Br. PMA  
Room 3966 S



commodity branch directors -- and thus avails itself of the capable leadership of the commodity branches and area commodity offices. It also utilizes the Nation-wide system of farmer committees. This policy is being followed on the theory that price support is a vital and integral part of the farm program and should be handled as such.

Today, however, I want to talk mainly about the price-support program, which is the real foundation of the Corporation's long-range activities. But I find myself a little handicapped when I turn to that program. For, during the recent political campaign, not a whole lot--either good or bad--was left unsaid about price supports.

On the one hand, we heard that the price-support program was wrecking family food budgets--that careful housewives were dipping into their last pitiful savings to buy beefsteak. On the other hand, we were assured that the program had had virtually nothing to do with high food costs--that the program actually was putting a damper on the spiral of inflation. Or the argument would be advanced that the Commodity Credit Corporation was in danger of "losing millions in price-support hand-outs." This would bring out the fact that the Corporation, if wartime subsidies are left out of the picture, has made a neat profit on its long-time general operations.

I am tempted, even now, to defend the price-support program against some of the loose charges that were flying around not so long ago. But does the price-support program really need any defense? Producers have reaffirmed their faith in the program. Consumers have given it their stamp of approval. We can be sure now--and I don't believe we ever had any real doubts--that the Nation is solidly behind this program that benefits everybody.

This broad public acceptance of the price-support program, however, places a heavy responsibility on those who are administering the program. From an administrative standpoint we are at a fork in the road. We can say, "Well, the public seems to like the way we have been handling the program; let's not rock the boat." Or we can say, "The program is being handled well, but perhaps it can be handled better--so let's take a closer look at our administrative techniques." Because we do have a decision to make, I am going to talk today about administration of the price-support program.

We can say, first of all, that the price-support program, fundamentally, is a program for farmers. If we are agreed on that, we can take another step. Farmer thinking--all the way from the county office to Washington--should be reflected in the formulation and administration of the price-support program to the maximum possible extent.

There can be no doubt about farmer thinking on the Corporation's Board of Directors, limited by the Federal charter to five members. The present members--Secretary of Agriculture Charles F. Brannan, Under Secretary of Agricul-





ture Albert J. Loveland, Administrator of PMA Ralph S. Trigg, Glen R. Harris, and L. Carl Fry -- represent the best in farmer thinking. They understand the problems of farmers. They are sympathetic to the problems of farmers. So farmers can be sure, with men of that caliber serving on the Board, that farmers' interests will be protected when it comes to the formulation of activities under the price-support program.

Is farmer thinking being reflected adequately in the administration of the price-support program, especially with regard to local administration? I have no final answer to that question today. But I can tell you that it is a question that has been receiving very careful consideration by the officers of the Corporation.

Careful consideration is vital when it comes to making major changes in program administration. Nothing is gained by making a change just for the sake of change. Actually, much can be lost in pursuing a policy like that. But nothing is gained, either, by assuming that operations, because they have always been handled a certain way, must continue to be handled that way. There is always the danger that that policy will mean a failure to discharge our full obligations to the farmer.

By way of background, let us review briefly how some of our larger price-support programs are handled.

Prices of grain crops are supported by means of non-recourse loans and purchase agreements, with most of the local administration of the operation being handled by State and county committees. On farm-stored grains these loans are based on a quantity and grade determination made by the State and county offices. In the case of warehouse loans and purchase agreements these loans are based upon the warehouse receipt which indicates the grade and quantity of the grain. But in all cases, loans are channeled through the county office, whether the loan is made direct by the Corporation or through a lending agency, such as a cooperative or a local bank.

Prices of cotton, peanuts, and tobacco also are supported by nonrecourse loans--but, in the case of these crops, the loans are largely handled by warehouses, cooperatives, and banks. The State and county committees do not participate in the operations and very few, if any, loans are made on commodities stored on the farm. In the case of peanuts, it might be said that not a single loan on farm-stored peanuts has been made through the years.

When it comes to price support through the purchase method, we have a mixed situation. Prices of potatoes, for example, are supported through purchases and recourse loans for the late potatoes, the purchases being handled largely through State and county committees. But in the case of dried eggs and dried fruits, the purchases of these products are generally made from processors who have agreed to pay producers not less than the support price, while in the case of shorn wool, the purchases are made



from handlers, producers' pools, and secondary handlers. These programs are handled primarily through what is commonly referred to as processor contracts.

I am not saying which of the methods is more desirable from an over-all viewpoint. I am only saying that we should carefully examine all of them to see if we are rendering the farmer the maximum service to which he is entitled. I recognize crop differentials, customs, and marketing practices for the various commodities; I have no quarrel with them. However, from a CCC standpoint I do not believe that we have rendered the full service to which the farmer is entitled when we merely give him the dollars and cents that are due him under the program as set forth by law. Other services should be made available. I believe that the farmer is entitled to full knowledge of grade determinations; to full knowledge of the marketing methods used and of the total cost to him. I believe further that the farmer is entitled to know why and how and by whom his prices are supported.

Personally, I feel that all of the present methods utilized by CCC should be placed in the balance and we should take a careful look to see if they measure up to the standard. If they do, we are on solid ground. If not, then I believe that the Corporation and PMA should pursue the possibilities of seeing that they are revised so as to render the maximum service to the farmer. It may well be that a close study will show that county committees can participate in price-support operations for some commodities, whereas they cannot for others. In that case, no change should be made; or a careful consideration of our operations might pave the way for greater participation by the committees without unduly disturbing the procedures already established.

I have talked quite a bit here about the Corporation's responsibilities to the farmer. Now I want to discuss some of the farmer's responsibilities to the Corporation. Responsibility is not on a one-way street. It must move in both directions.

I am afraid some of our farmers have the unfortunate attitude that they need only to produce and that the Corporation always will provide them an unlimited market in which they can sell at the legal support price. That attitude can only damage the price-support program as a whole. That attitude will destroy the public confidence in a program that has shown how it can work in the best interests of the entire Nation.

We, as farmers (and I use that term advisedly) must produce in line with market demands. That means we must be willing, whenever necessary, to adjust our production to bring it in line with the market demand. We must practice orderly marketing. That means, among other things, that we must provide more farm storage for our storable crops so that we may regulate their flow into market channels. And speaking of storage, many farmers are hopeful that the Corporation may acquire more storage and thus



alleviate the storage situation. May I remind you that any storage that CCC might acquire would be primarily for the storing of commodities that it might acquire through the commodity loan and purchase agreements, and that such storage would not supplant the needed farm storage.

Another obligation of the farmer is to produce quality products. That means we must make a closer study of the quality that consumers are demanding in agricultural products. We must be honest in our dealings. That means we must scrupulously observe the letter as well as the spirit of all price-support program provisions.

Having briefly reviewed the operational methods of some of our price-support programs, as well as touched on the farmer's responsibilities, I would like to suggest that you give consideration to this question: Are we employing the best procedures available to accomplish all our objectives and obligations in the field of price support? Careful thinking about ways and means of improving program procedures can do much to guide us to a better administration and improved efficiency.

I would like to suggest that you give particular consideration to the matter of bringing about greater farmer participation by farmer administration. I mean making use of the elected county and community men in our operations, wherever it is practical. Farmer participation can strengthen administration at the local level, because, in my opinion, no person is better qualified to talk to the farmer than another farmer. Farmer participation can undoubtedly give us better farmer support for the over-all price-support program.

Years ago a well-known educator said to me, "Farmers are not capable of running their own business. Therefore, someone must do their thinking and planning for them." I never particularly agreed with that bit of philosophy. As a matter of fact, I firmly believe that agriculture and farmers can run their own business. Certainly the banker would not ask the farmer to run his bank, nor would the warehouseman turn the management of his business over to the farmer. By the same token, I don't believe that the farmer wants the banker or the warehouseman to run the price-support program.

Aside from the specific points I have mentioned I want to make one final general observation. When it comes to administration there can be no standing still. If we don't move forward, administratively speaking, we inevitably move backward. We cannot do that. We must guide our thinking, our planning, our work in such a way so as to fulfill our real responsibilities to the Nation.

The poet once said, "A pearl is a temple built by pain around a grain of sand."

Certainly agriculture did not attain its present status of economy without pain and its programs of price support and sound soil-building practices might be likened to pearls.





Let the farmers and CCC see that the farmers and the public are both well served so that we may not only retain the pearls but add to their luster.

#



UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

FROM THIS DAY FORWARD

Address by William B. Crawley, Assistant Administrator for Production, Production and Marketing Administration, United States Department of Agriculture, at the 1948 Annual PMA Conference, St. Louis, Missouri, Tuesday morning, December 7, 1948.

One day last spring the Senate was opened with this brief but pungent prayer:

"O Lord, deliver us from the fears of what may happen; give us the grace to enjoy what now is; and help us to keep striving for what ought to be."

This prayer -- offered by Peter Marshall, Senate Chaplain -- doesn't seem to me to be too inappropriate for us here today. I'm sure we'll need all the help we can get to do all the things that should be done.

But, let me say first, it is a privilege to meet with you here and to draw from your wisdom, enthusiasm and determination to go forward -- to build on the foundations of past experience and achievement a stronger and better program for the future.

The farm leadership that is being developed in this program is indeed an inspiration. I've been with it since it started. Most of you have. We've served as community and county committeemen -- and as fieldmen. I believe one of the most potent influences we have today for better farming and for the good of the Nation is this program with its elected farmer committees.

Most of you remember what Jess Gilmer said about this at the Conference last year. I'd like to repeat just one statement:

"When the history of this whole period in agricultural development is finally written, I personally think that the committee system, the AAA plan as we know it, will stand out as the most significant development of all."

A lot of changes have taken place since Jess said that a year ago. Ed Dodd has gone over with FAO. Al Loveland has taken his place as Under Secretary. Dave Davidson has passed on, but we all will remember that wonderful talk he gave at the conference last year. Elmer Kruse has come in to manage CCC, with Harold Hill as assistant manager. Chet Downen has been put in charge of the Administrator's field-





men. Carl Fry and Glen Harris have been appointed to the CCC board. Alvin McCormack has come into Washington to head up the ACP Branch, and Jess has resigned to go into private business -- to mention just a few of the changes that have taken place during the past year.

But what about next year? What will 1949 bring? What can we do about it?

"O Lord, deliver us from the fears of what may happen."

Help us to be wise enough -- and big enough -- and unselfish enough -- to do the things that ought to be done. Deliver us from these fears of what may happen.

There is the fear of war.

There is the fear of a depression.

And there's the fear of failure. There's the fear of what someone will think or say -- the fear that may keep us from doing what we know we should do. May we be delivered from the paralyzing fear that keeps us from going ahead -- the fear that keeps us from making decisions and doing what we are sure should be done.

And one of the best ways I know to overcome fear is to be prepared. That's where each of us has a definite responsibility. The very fact that we have the Agricultural Conservation Program to help us keep our land productive, price supports to protect farmers from ruinous prices, the farmer committees to administer these programs, should help to overcome -- or deliver -- us and the Nation from a lot of fear.

Our reserves are being built up again. The bins in the Ever-Normal Granary above the ground are filling up. But what about the bins in the Ever-Normal Granary in our soil? Are we taking out faster than we are putting back? When will we reach the bottom of our soil bins? What adjustments are needed in crop production to keep up our reserves in the soil? Is our program as effective as it should be in maintaining and building these reserves? If not, do we dare do all that needs to be done to make the program as effective as it should be?

May we have the wisdom to know what is right and the courage to do it.

You know as well as I do the fight we've had to keep this program. It looks a little better now, but we're not out of danger yet.

I don't think there could be a better time than right now to take an honest, realistic look at the program and the way we're operating it. I'm sure all of us here -- particularly you State Committeemen -- are convinced that the farm program -- with assistance to farmers to get the conservation job done -- with price supports to prevent



price collapse and ruin -- and these committees elected by the farmers who know them -- I'm sure all of you are convinced that these are essential to the welfare of the country.

Talk about delivering us from the fear of what may happen -- that's what we've been doing with this program. We've been delivering the Nation from the fear of hunger, disease and poverty. In fact we've done such a good job of it that possibly it's being taken too much for granted. This 35 to 40 percent increase in food production during and since the war -- this abundant crop this year -- this 12 percent more food per person in the United States -- didn't just happen. What about the conservation that has helped make possible the increased yields? Improved strains and new chemicals helped. But sometimes we forget that all of this has to go together. What about delivering the farmer from the fear of ruinous prices so that he dared to produce abundantly? Did that have something to do with it?

Maybe it's time we emphasized the need to keep our good land good, as well as to make our poor land better. We have said quite a bit about keeping the mud out of the Mississippi River and damming off the gullies so they wouldn't get any bigger. Maybe it's time we did a little more thinking and talking about prevention as well as cure.

Someone asked one of our leading soil scientists what would have to be done to restore some of our Eastern Seaboard land to its former productivity. His startling reply was, "Nothing -- if it's well-farmed, it's probably more productive now than when it was first seeded to crops."

When our ancestors came to this country they found the Indians putting a fish in each hill of corn. And if I read my history right, it wasn't too good a corn at that. Certainly we are producing more on this land today than they did when John Smith or the Pilgrims came.

You see, it's more than just restoring land to its primeval condition. It's not just conserving the soil just to conserve the soil -- to maintain the soil in some static condition. We've got some 145 million people in this country that are depending on that land for something to eat, and there are nearly 6 million farmers depending on it for a living for themselves and their families. There will be a lot more people in another 20 or 30 years. That's our problem -- the Nation's problem -- to keep that land producing so there will be enough food and fiber -- and to keep our farmers on the land. A part of the job is to keep the land from washing and blowing away, but a bigger part of the job is to keep our land healthy and strong so it will keep on producing. Farming itself must be kept in good condition. We can have depletion of farmers as well as depletion of farms:

Dr. P. V. Cardon, Chief of the Agricultural Research Administration, puts it this way:



"Our goal is permanency in agriculture -- an agriculture that is stable and secure for farm and farmer, consistent in prices and earnings; an agriculture that can satisfy indefinitely all our needs for food, fiber and shelter in keeping with the living standards set. Everybody has a stake in a permanent agriculture.

"It is attainable -- but only through the wise application of our expanding knowledge about the use of land, capital, and labor in production and distribution. It does not deny full use of the land to any generation of owners. It does require that each generation, in its turn, observe land-use practices that insure sustained production."

I'd like to go Dr. Cardon one better and say that if we continue to feed an increasing population as they should be fed, a lot of land will have to do more than maintain production. It will have to be made to produce more -- maybe a lot more.

Dr. Charles E. Kellogg, Chief of the Division of Soil Survey of the United States Department of Agriculture and one of our foremost soil scientists, has this to say. And I quote:

"The goal in soil conservation is inseparable from the goal in production. We need to discover for each soil the various combinations of uses and practices that will give sustained production, and to select from among these the ones most economical for each unit of operation -- each farm, forest, ranch, garden, or plantation."

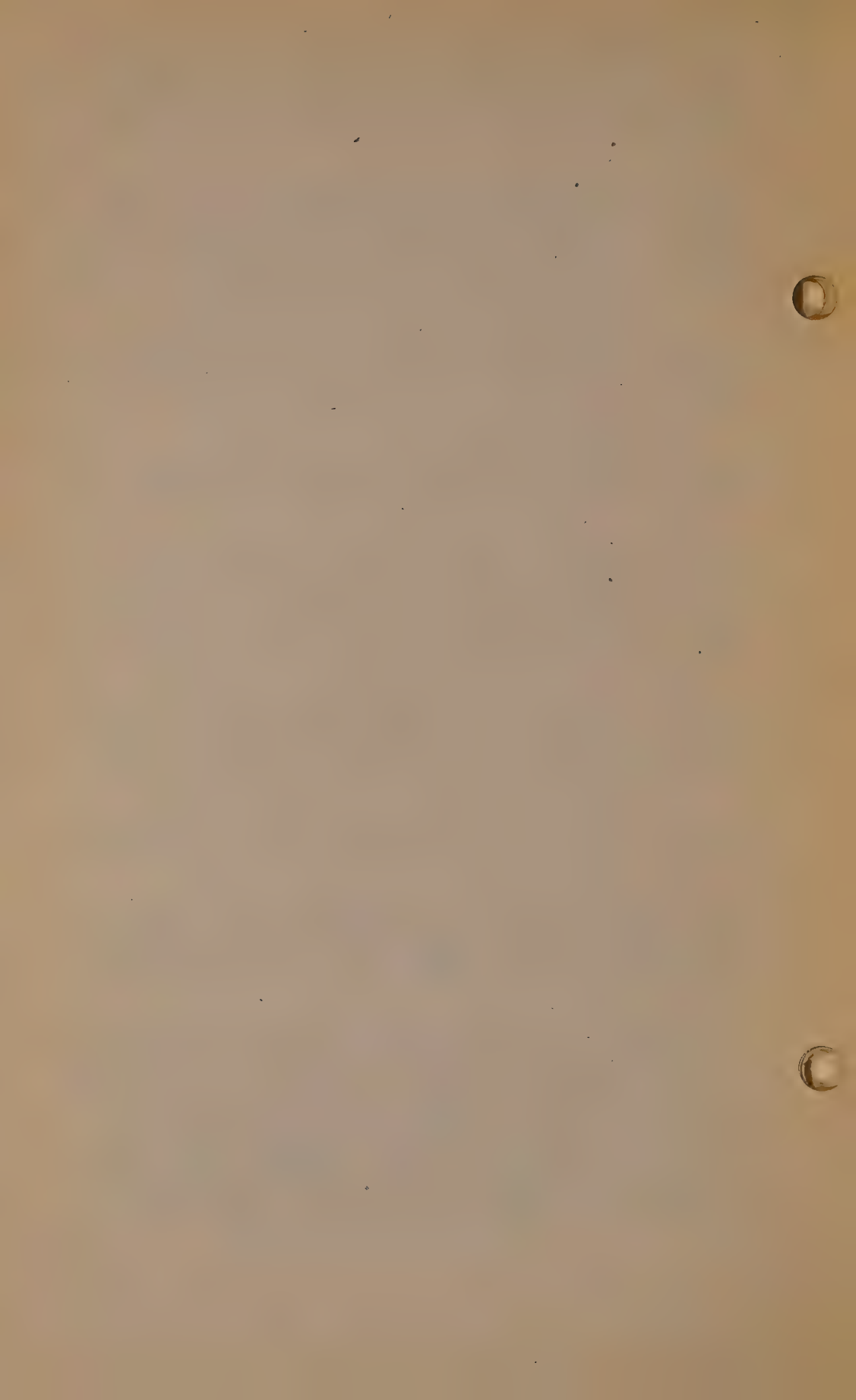
He points out that generally erosion is one of the symptoms of some deep maladjustment between the soil and the farming system. And he adds that rarely can we achieve control by simple direct means; rather we must get back of the immediate symptoms and find the cause.

He says that soil erosion is not an isolated problem. It is one important aspect of soil management for sustained production.

If we follow this line of thinking -- and I'm convinced there's a lot to it -- we will keep moving over into the field of maintaining and increasing the soil's ability to produce, and not spend all our time trying to cure sick, gully-rutted land. More prevention -- not necessarily less cure.

Don't think for a minute that I think we shouldn't do something about erosion-gullies and mud down the Mississippi. We're not going to feed 160 or 170 million people from land in the bottom of the Gulf. I'd like to point out that some of our newer land has been going to pieces at an alarming speed. Take the Palouse country up in Washington and Idaho or the Cherokee Strip in Oklahoma. Some of these lands have been broken out of sod since 1900. And don't think they're the only ones. Erosion is taking its toll everywhere. It's serious -- as serious as life.





But we need to do all we can to keep the gullies from starting -- by encouraging the practices which build resistance to erosion into the soil -- by plowing under green manure, adding humus -- establishing sod where necessary. One of the best ways to deliver us from the fear of what may happen is to remove the cause for the fear. The way to overcome the fear of famine is to make sure we can keep on producing enough to eat.

What is the most serious production problem having to do with the use of soil and water? -- In your State? -- In a county? -- On a farm? What are you doing about it? Are we making the most effective use of the program to meet the problem -- or are we holding onto established practices too long?

To answer my own questions, I think we've come a long way and maybe it's time we prayed with Peter Marshall for the Good Lord to --

"Give us the grace to enjoy what now is."

Sometimes in our zeal for what ought to be or when we are bogged down in tangled details we forget what we have -- what now is. All of you remember the full granaries we had for World War II. How thankful we should be that we had them. We didn't have those full granaries for World War I, and we had bread rationing. We didn't have price supports after World War I, and we remember well what happened.

It has been a long hard struggle to get where we are. I wonder if we fully appreciate what it means to farmers -- and to the Nation -- to have a price stabilization program for farm crops -- to have a soil and water conservation program that is working in every agricultural county in the country -- to have these programs administered by committees elected by the farmers in their communities.

There was the fight to get the program started in the first place. Then the Supreme Court decision. And in the summer of 1947 we nearly lost again.

But it's not just a fight for farmers alone. In fact it's as much a fight for consumers as it is for farmers. It's been a drive for a program to assure the country enough to eat--a drive for a stronger--healthier--better Nation.

If all we had in mind was getting something for agriculture at the expense of the rest of society -- a special privilege for farmers -- it would not be worthy of our efforts. I believe farmers should have an even break with the rest of society, but this program is not a means of taking something from the rest of society to benefit the farmers of the country. It's a program that benefits both consumers and farmers. And it's a part of our job to see that consumers understand that.

We all eat. And we all depend on the soil for what we eat. And we all depend on the farmers who till the soil. For the good of the country we must keep our land productive



and our farmers producing. And that's why we have price supports and an Agricultural Conservation Program.

This Program is the most economical, effective and practical way of doing this conservation job -- this production job, if you please. Just consider the alternatives:

We could do nothing. Just let things go and let nature take its course. No cost to the Government. No cost to the taxpayer. But who would pay for the loss of soil -- loss of production? The consumer, in less food -- poorer food -- and higher relative prices.

The costliest alternative would be to let things go. What we are now paying for conservation would be but a drop in the bucket to the billions lost in erosion and a breakdown of the productive capacity of our land. We don't have a lot of new land to move to when the old land gives out, so we must continue to conserve what we have, or the American way of life will vanish.

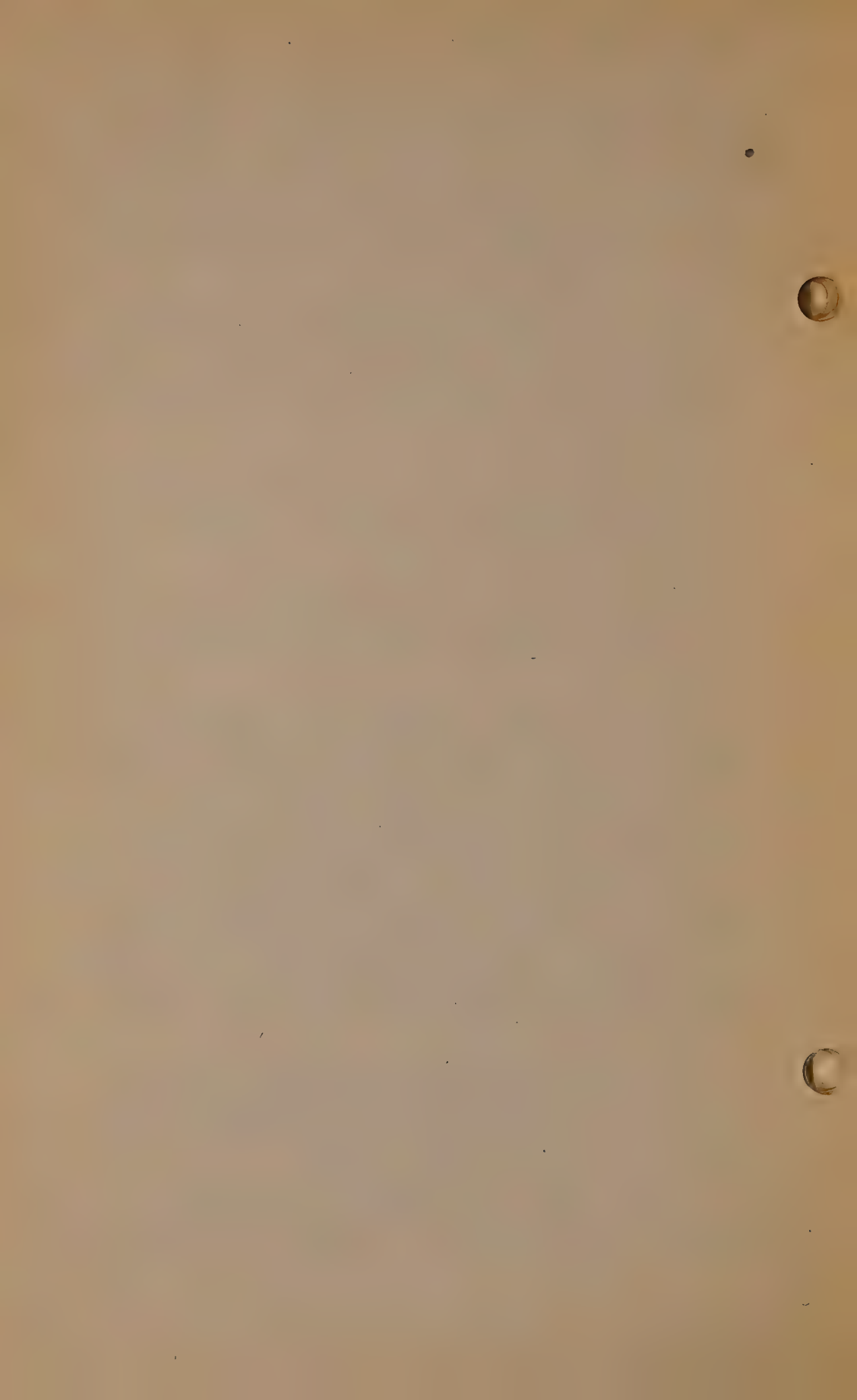
Another alternative -- we could depend on science and research alone to do the job. But of what value is a better way of conserving the soil if it is hidden away in a big book or tucked away in a file. To be effective, these "better methods" have to be used.

The Agricultural Conservation Program puts these "better methods" into practice on a wide front and in a short time. The sound, practical ways of the farmer are blended with scientific findings in an effective and practical farm practice.

Under this program, farmers of the United States have made phenomenal progress in putting our farm land on a sustained-yield basis by carrying out the following practices during the 12 years 1936-1947: They terraced 14,177,000 acres -- almost 700,000 miles of standard terraces. They constructed 680,000 erosion and flood control dams on farms and ranches. They planted 102,000,000 acres of crops on the contour; planted 622,000 acres of trees; applied 185,947,000 tons of lime to 104,733,000 acres and 15,798,000 tons of phosphate fertilizer to 123,440,000 acres to make possible the growing of legumes for soil improvement and erosion control. These farmers established 62,214,000 acres of stripcropping for wind and water erosion control. They grew and plowed under 198,180,000 acres of cover and green manure crops to add organic matter to the soil, to enable the soil to resist erosion.

And some folks are surprised at the tremendous production we get when the weather and a few other things are favorable. But with conservation practices carried out last year on more than 3 million farms -- and these farms make up two-thirds of the farmland -- well, we should expect something in way of improved production.

Could this have been accomplished with information only? How long would it take? How long would it take to convert 3 million farmers to the need for conservation and





imbue them with a feeling of public responsibility to the extent that they would carry out the needed conservation practices? How many farmers would be able to carry out the needed practices? How much land would be lost in the meantime?

And we don't want to forget that it takes funds to get the scientific research and to carry on the educational programs. That's public money, too.

The question is how much conservation we get for each dollar spent under the various alternatives and whether we get it in time.

Or we can use a combination of various methods with assistance to farmers to help them carry out the conservation practices, as we do under the Agricultural Conservation Program.

And I want to repeat that, for each dollar spent, we are getting more conservation under the Agricultural Conservation Program than under any of the alternatives. We are getting the job done although there is still a long way to go.

In considering and enjoying what now is, I want also to emphasize that these elected farmer-committees offer the most practical way to administer this program. They are farmers. They can work with other farmers. They talk each other's language. They go right on farming and are paid only for the time they work on the program. The maintenance cost is extremely low. Think of it -- 100,000 committeemen on call at almost a moment's notice, ready for action on the strength of pay that is given only for the time they are actually engaged in program work -- and that pay less than has to be paid a hired man to take the committeeman's place while he is on program work. No, it's not the pay that holds committeemen. It's because of the realization that we have something here worth fighting for -- worth sacrificing for. I hope the time soon comes when that sacrifice doesn't have to be so great. Even the Good Book says a laborer is worthy of his hire.

These farmers who have been elected to serve as committeemen are taking the findings of science on the use of soil and water and are putting them to practical application in the protection and improvement of these resources. With good common everyday horse sense, they are applying the finds of our experiment stations and of our scientific studies to the soil and water conservation problems of their own farms and their neighbors' farms.

They are carrying out a vital public responsibility. And there are a few people along Main Street who are beginning to realize what this means to them. They are finding out that the increased production and the price protection mean something to them. Some of them have come to realize that the assistance to farmers is an effective and economical way of getting the job done. They have come to realize that the assistance provided under the Program is serving as a leaven in the loaf to get additional conservation work



carried out. Some of them are beginning to realize that price supports help get conservation by making it possible for the farmer to make a living on the land -- without which there could be little conservation. And some of the bankers and lawyers and merchants are coming to realize that the abundant production made possible by price supports and conservation are a good thing for them -- that it means more money in the bank -- more business -- more buying of things that make life better on the farm and improve business on Main Street. But some of them haven't seen the light yet. It's a part of our job to show them.

We're getting the job done. Not as much nor as well as we'd like, but we're making progress. One of our men recently flew nearly across the continent and back. He observed when he got back that, in looking down on the farms across the country, there was no time when he couldn't see one conservation practice or more.

But this is no time to sit back and take it easy. We have an obligation to the American people to keep that farm land productive, to keep it from washing and blowing away, to keep the Nation's farmers growing the crops that are so necessary to the welfare of the country. So we can say with Peter Marshall:

"Help us to keep striving for what ought to be."

We've mentioned the struggle that has gone into getting as far as we have with conservation and price supports. But I say the big battle is still ahead. We must have a better program. We must do a better job of administering it. That applies to us in Washington as well as in the field -- particularly to us in Washington. Too often we become involved in the details -- the bookwork of the program -- and forget where we're going and what we're trying to do.

We're not reaching enough farmers. Only about half the farmers in the country cooperated in the program this year. Too many farmers are still mining the soil. Too many farmers are carrying out the "easy" practices and not the ones most urgently needed on their farms.

The administration of this program is a sacred trust having to do with the health and well-being of some 145 million people. Their funds have been turned over to use in protecting them and their descendants from hunger and poverty. Are we doing the best we can to meet the responsibility of that trust?

We are all aware that there are places in the program that should be strengthened. The Administrator has been putting special effort into making price supports more effective, giving you the help you need from Washington, having community committeemen carry more of the load -- more "grass roots administration."

We haven't gone far enough in public and farmer responsibility for keeping our soil productive. I'm sure



the farmer who allows his land to go to pieces has injured the whole Nation. In all justice, he could be charged with criminal negligence. Each farm is a part of a pattern that affects the farms around it. The gully that goes unchecked on one farm may well eat back into the topsoil of the farm above. It all ties together. When fabric starts to unravel in one place, the whole fabric is weakened.

Recently an Iowa landlord won a suit against a tenant on the ground that when the tenant plowed up sod, topsoil was lost and the farm injured. Now, what about the owner-operator who plows sod and loses the topsoil? Is he responsible to anyone? And what can we do about it?

Conservation is not something apart. It is an integral part of good farming. It isn't something you go out and do, to earn a payment. It is something that fits into the whole farm operation for better use of soil and water. I'm not telling you anything you don't already know, but what are we doing about it?

As I said before, the program should be used to meet the most urgently needed conservation. We should not be using too much of the program funds on fertilizer if terraces or trees are needed more to keep our land from washing away. Nor should we use too much of the funds on terraces or trees if something else is more urgently needed, such as establishing protective sod on a hillside that is in danger of washing away.

But you and your committeemen have a lot of good practical horse sense and I'm sure we can work those things out. We'd better. The public isn't looking on this program as an experimental project any longer. More and more we've got to show results -- results that fill grocery shelves and bellies -- not just figures on paper. We've got to show the banker, the baker, and the automobile maker how this program is helping them before they will support it. That's especially true of Mrs. America. She wants to know how this program is helping her before she acclaims it a good thing. I think we have an obligation to our banker, the Chamber of Commerce, our machinery dealer, and other folks in town to let them know what we're doing and why. And there is no better way than showing them. Take them on a tour.

We've been doing a good job, but we've been so busy doing it that we've failed to get it understood by the folks in town, the folks we must go to for approval of appropriations to continue a good job. Along that line, we must see that we are getting a maximum amount of conservation for every dollar. We should be -- and I think we can be -- proud of our accomplishments.

Every farmer should be proud of his cooperation in this program. If he doesn't sincerely feel that he is honestly entitled to the assistance he receives under the program, then he hasn't done the job he should or he doesn't understand the responsibility he owes the country for the protection and care of the land he operates.





May I refer to Dr. Kellogg again. He has this to say regarding public versus private responsibility:

"It is true, generally, that those practices that give the greatest production over a period of 10 to 15 years also are the ones most likely to maintain and improve the soil. We all know that one of our biggest jobs is to get farmers to take this long view."

He adds:

"It is in the public interest that this erosion be controlled even though the necessary practices are most too costly from the standpoint of the individual farmer. Unless the public is prepared (and they are not) to help such farmers to get on other and better land, it is entirely reasonable that the public should help them -- call it subsidy if you like -- with those practices that will preserve the farmers' income and accomplish the public purpose."

We understand that, and I think we can agree with Dr. Kellogg, but there are not enough other people who understand it.

In all fairness, I must say, however, our committees have been doing a good job. Our committees haven't backed off from any responsibility we've handed them yet. They've taken a lot of jobs other folks wouldn't take -- jobs that had to be done, too.

The latch string is out on the door of the Department of Agriculture, and we welcome your suggestions and criticism -- and the suggestions and criticisms of county and community committeemen. We are all on the same team -- and I know we can accomplish what ought to be done by working together as a team, as Ralph said yesterday.

We've got the best farm program that was ever set up for the good of both farmers and consumers. But it can be made better. We can make it better. That is one of the biggest reasons we are holding this conference.

We need to keep the conservation practices practical. Let's remember the farmer has to keep on farming and making a living. Let's make doubly sure that the payments serve as a leaven and not as the loaf. Payments must be continued until the practice becomes an integral part of the farming operation.

This program is one of conservation with use. Its purpose is production -- not just for now -- not just for this year -- but for all the years to come.

And price supports are a part of that program. For the most efficient and effective production, we can't be ruining farmers with booms and busts. We have to conserve farmers as well as farms.

We need to make a greater effort toward better public understanding of what we are doing and why -- more use of



the program to meet the most serious conservation problems. We need more coordination in the use of practices -- better understanding by farmers of their responsibility to the public -- a little more striving for what ought to be.

And in conclusion may I refer again to Peter Marshall's prayer:

"O Lord, deliver us from the fears of what may happen; give us the grace to enjoy what now is; and help us to keep striving for what ought to be."

#





UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

LOOKING TOWARD A BETTER MARKETING SYSTEM

An address by J. I. Thompson, Assistant Administrator for Marketing, Production and Marketing Administration, before the annual PMA Conference at St. Louis, Mo., December 7, 1948, Tuesday morning.

As a newcomer to PMA last June, I was impressed by its vigor. It showed itself to me as a strong, young organization, the kind that could get things done. And I felt it the greatest privilege I had ever been accorded to be given the opportunity to participate in the fulfilment of its promise. For the very act of binding together in one organization the Production programs and the Marketing programs of the Department is a promise that each will complement the other.

The discussions at this meeting have been weighed heavily -- and properly -- on the production side. I say "properly" because some of the most urgent problems facing agriculture today have to do with price support, conservation, and acreage adjustment.

At the same time, these complex production questions have not in any way minimized the marketing problems. As a matter of fact, the production problems have actually accentuated the marketing problems. As we move out of the period of unlimited demand, the pressure to move into consumption the largest possible quantity of farm products with the greatest efficiency is bound to increase.

If the marketing system does not move enough products to meet all needs, especially at a time farmers are producing in abundance, the marketing system will be a failure. If the marketing system does not move products at costs that mean fair prices to consumers and fair returns to producers, the marketing system will be a failure.

I know that you, as well as I, have a deep interest in the whole subject of farm product marketing and recognize its vital importance in our over-all agricultural economy. So today I am going to discuss in a rather general way the structure of our present marketing system and what is being done by PMA to improve it.

A hundred years ago, both production and marketing were pretty much a local enterprise. Buyers and sellers at all stages of the marketing process were generally able to talk over face to face such matters as quality and price. But under our present system of Nation-wide production and marketing, "deals" are frequently arranged with buyers and



sellers 3,000 miles apart. This characteristic of our agricultural economy has led to the development of marketing service and regulatory work, designed to facilitate long-range trading.

PMA or its predecessor organizations have developed, for example, mandatory or permissive standards for all the major farm commodities. These standards provide a common language of quality. Thus, when buyers in the East talk to sellers in the West about Grade A, U.S. No. 1, 93-score, and U.S. Choice, both buyers and sellers are talking about the same thing. This intelligent identification of quality is backed up by a system of inspection, grading, and classification, which insures uniform application of the standards.

Farmers want reliable information on what's going on -- especially in the field of market prices. The Nationwide market news service, administered by PMA, furnishes timely and unbiased information on prices and supplies in producing sections and terminal markets, not only to farmers, but also for distributors and consumers. To get these reports out promptly, nearly 1100 radio stations presented over a million broadcasts during fiscal 1948. More than 950 daily papers also carried USDA market reports, and approximately 25 million mimeographed copies were mailed directly in response to written requests.

The emphasis, however, is on quality as well as quantity. Some of the specific features of market news that are now being studied include standardization of terminology, coverage of local markets, extension of market news to other commodities, and coverage of farm products moving by truck.

Farm commodities move through many hands on their way from producers to consumers. The big majority of handlers and dealers are honest and honorable. But a few, unfortunately, try to catch extra dollars here and there. To keep such bad actors in line, PMA administers a number of Federal regulatory laws, which include the Packers and Stockyards Act, the Perishable Agricultural Commodities Act, the Standard Container Acts, the Federal Seed Act, and the Insecticide, Fungicide, and Rodenticide Act.

Altogether, the regulatory acts administered by the Production and Marketing Administration provide the requirements of fair play which are an essential part of the American way of life. Advantages that accrue to agriculture from production and service programs, no matter how comprehensive, might well be canceled by a marketing system which allowed individuals or groups of individuals to benefit at the expense of others. The fruit grower who turns his apples over to the commission merchant at a shipping point or a market is entitled to a correct accounting. The purchaser of seeds must be able to place dependence upon the quality that is represented on the label. Users of an insecticide must be able to rely upon claims made for the product.



Under the Federal Seed Act last year, nearly 66 million pounds of seeds were tested before entry was allowed into this country; 3 million pounds were rejected. Another 2-3/4 million pounds were released after cleaning and staining. These seeds were tested for variety, quality, germination and weed and foreign content.

Under the Standard Container Act, 200 common types of containers were tested during the past year (involving nearly 1,200 different individual containers). It was found that 52 types required correction.

Under the operation of the Warehouse Act, more than 4 billion dollars' worth of farm products are handled annually, and no storer of products in these warehouses has ever suffered financial loss because of faulty warehousing.

A somewhat different type of regulation is provided under marketing agreement and order programs. These have served to clean up chaotic marketing conditions in major products in numerous regions. Despite their regulatory nature, they spring from the farmers themselves; the voting on adoption or rejection of proposed marketing agreements preserves the same democratic system under which the PMA committeemen are elected.

We all must watch for the early signs of serious marketing trouble. Spotting of local trouble might perhaps prevent a regional disaster in the marketing of some products. Spreading the knowledge in advance that marketing agreement systems can serve as both a preventive and a remedy for marketing ills might well expedite their ready acceptance in times of need.

The milk marketing agreements have had a history of 15 years and much has been learned -- some bad discarded, much good retained, and improvements effected; and they are working in an orderly way in what before were chaotic markets. A number of fruit and vegetable agreements are in effect. There is ample proof that extension of marketing agreement principles deserves important consideration.

The conference's Marketing Committee may come up with some real direction in this area.

More and more emphasis is being placed on the development of ways and means of reducing the "marketing spread" -- the difference between what the consumer pays and what the producer receives. Actually, the marketing spread is narrower today than it was before the war, a normal trend when prices go up. In September of this year, for example, the farmer was getting 53 cents of each dollar spent by the consumer at retail. During the 1920's he got 42 cents, and in 1933 only 32 cents.

Despite a decline in the proportion going for distribution charges there are still some wide variations for farmers. In September of this year the farmer was getting 71 cents of the meat dollar and 71 cents of the dollar spent





for poultry and eggs. But he got only 47 cents of the dollar spent for oranges and 29 cents of the one spent for cabbage. Nothing brings marketing efficiency -- or the lack of it -- into such sharp focus as the fact that for many commodities, the cost of moving the product through the marketing system is more than what the farmer receives.

Where should the attack on marketing costs be made? The PMA is convinced that the attack should be made all along the line. I would now like to discuss some of the ways PMA is doing this. For example, during the 1947-48 fiscal year PMA representatives participated in 121 formal proceedings before transportation regulatory agencies, besides taking part in many informal actions before carriers, groups of carriers, and regulatory bodies. The savings in transportation charges during that 12-month period, resulting from actions participated in by PMA, are estimated to be about \$190,000,000. This brings the total measurable savings from this work during the last 8 years to well over a billion dollars.

Another example: wholesale produce markets in many cities were old when the horse and buggy were stylish. Millions of dollars' worth of food are shipped from our farms and ranches which never reach the consumer. Waste caused by inadequate market facilities, deterioration and spoilage, can be reduced. This can save food and money in the years ahead. To help solve this problem, PMA is carrying on an extensive program of planning and promoting adequate market facilities and equipment to meet the needs of various areas and terminal markets. This work is carried on in cooperation with State and local agencies, farm organizations, transportation agencies and other groups affected.

Many markets still have no direct railroad connections. Some markets front on narrow streets that make it difficult for big, modern trailer trucks to unload. Parking space is frequently so scarce that perishable produce often has to be moved several blocks by hand trucks. These and other inefficiencies add to labor costs and, of course, help to widen the marketing spread. On specific request of interested communities and groups during the past year, plans were developed for new wholesale market facilities in 28 localities in 17 States. In a number of cities actual construction of new markets is under way.

But marketing takes in a much wider field than the physical handling of agricultural commodities. Marketing also includes the broad objectives of balancing consumption as nearly as possible with an adequate production. Here we have two courses to follow: We can either increase consumption, by widening the marketing outlet, or we can adjust production.

Production adjustment problems have been mentioned several times in earlier discussions. These problems are very real and we must be ready to meet them. But, before we resort to production controls, we must investigate every possibility for widening the market outlet. There are a number of possibilities for doing that.



One thing that can be done is to stabilize the domestic consumption of farm products. During the 1930's we saw how people were doing without food at the same time surpluses were accumulating on farms. That shouldn't happen again. We should in some way put a floor under food consumption -- a floor that would make for national health and agricultural prosperity. An integral part of such a program would be a continuation and expansion of the National School Lunch Program.

To provide an important outlet for our farm products, and to help assure a strong Nation in the years ahead, Congress passed the National School Lunch Act. School boys and girls in 48 States and the territories are sharing in the benefits of that program. It is estimated that 970 million meals were served to over 6 million children as a part of this program during the past school year. These millions of meals made use of several hundred million pounds of foods bought for price support.

Figures from first States reporting this school year indicate that participation in the National School Lunch Program is greater than ever before. Cost of operation is also higher than ever before. Several States have recognized this situation by increasing their contributions to the program.

In helping to provide a floor under consumption, much of the food purchased under price-support programs by the Department of Agriculture and taken off the market is distributed to eligible State institutions. This helps to relieve or prevent conditions of oversupply which could depress prices, cause hardship to farmers, and result in waste of good food.

The States are assisting us in widening the market outlet. Last year, for example, schools in the various States taking part in the School Lunch Program bought more than 128 million dollars' worth of food -- or about 880 million pounds of farm products -- through local markets.

PMA attacks the surplus problem in another way through assistance in marketing foods that are in heavy supply. Working in cooperation with the food trade, and, with the assistance of press, radio, and other information agencies, it calls the attention of consumers to foods that are in plentiful supply. For its part, and among many endeavors to this end, PMA performs two main services. It prepares and distributes a list of plentiful foods each month; and it initiates, with the food industry, special merchandising programs on particular foods at the time of peak supply in retail markets.

I am convinced that the surface has hardly been scratched when it comes to improving marketing efficiency. We need to know the answers to many questions. What do consumers think about pre-packaged fresh vegetables? Should we always strive to market the top quality or should we recognize the fact that many consumers can't afford to pay the prices asked for the top quality? What accounts



for the decline in consumption of some foods and for the increase in consumption of others? How can we slow down the deterioration in the flavor of bakery products? How can we improve egg crates so as to prevent damage to shell eggs in transit?

One of the big questions -- perhaps it is the sixty-four dollar question -- is this: How many services are consumers willing to do without? Are they willing to forego the convenient parking lot, the ready-cut bacon, the milk delivered to their doors? Americans as a whole like service -- and still more service. But in marketing as in everything else we pay for what we get.

Yes, the questions seem endless. But fortunately, the Research and Marketing Act of 1946 will enable us to plow deep to find the answers. In PMA we are moving ahead vigorously on research activities under that act. We hope that soon we shall begin to reap the harvest of some of our research. Then we shall know how to make improvements. Then we can provide the knowledge of each market requirement, and this knowledge if used by the producer can mean profitable marketing of abundant crops of what the consumer wants without waste.

The Research and Marketing Act provides for -- quoting from the Act: "a scientific approach to the problems of marketing, transportation, and distribution of agricultural products, similar to the scientific methods which have been utilized so successfully during the past eighty-four years in connection with the production of agricultural products, so that such products capable of being produced in abundance may be marketed in an orderly manner and efficiently distributed." The work is to be done "through cooperation among Federal and State agencies, farm organizations and private industry."

Since its purposes are so vital to the farmer, he should know about this act, and should not hesitate to point out the areas where special effort under it would be most helpful.

The authority to seek improvements in marketing under this law and to help to put them in practice is extremely broad. Scores of such projects are under way. They range from improvement in the ways in which farmers prepare their goods for market all the way through marketing channels, to methods of preventing spoilage and increasing consumer acceptance of those products in retail stores.

Much of the work under the act, too, is directed toward reducing margins between producer and consumer. For instance, we want to get at why green-wrap tomatoes from Florida go to Brooklyn, are packaged in cellophane-windowed boxes, and then some find their way back to retail shelves in Jacksonville, Florida! Maybe this is because the Florida farmer has not learned just what makes for marketable tomatoes.

The research facilities of private industry have been







opened for us for the farmer's benefit under this law. For the first time, we have been authorized to make contracts with private research agencies so that fundamental studies of chemical, biological, and other basic factors that affect farm goods can be made, even when the Government's own facilities are insufficient for the job.

Also, any of you can make our task under the Research and Marketing Act easier by passing along ideas that develop in the field for solving marketing problems. A solution developed locally may prove to be the answer to a similar problem in another region, or perhaps to a problem national in scope.

However, without organization these problem statements, these suggested solutions might only cause confusion, especially as PMA is only one of several agencies charged with tasks under the Research and Marketing Act. For that reason, the Marketing Committee of this conference has given an important place on its agenda to discussion of how these problems might best be channeled, so that all phases may be studied efficiently and solutions sought that will be of the greatest benefit to all.

A glance at a few kinds of work being done in PMA under the Research and Marketing Act may help you to visualize what we are doing and what we are seeking.

Use of small, low-grade and surplus potatoes as livestock feed often can mean a larger total return to the grower for his potato crop. We have found proof of that in a Research and Marketing Act study, and the report on our findings is now being printed. We hope this study will help, along with other measures, in solving the potato marketing problem.

We are studying improved methods for packaging foods so that their quality will be better preserved, spoilage will be reduced, and the housewife will be able to get more of the different kinds of foods she would like to buy, without additional strain on her budget. We have arranged training courses for retailers of fresh fruits and vegetables to show them how to offer the highest possible quality of produce to their customers, increase sales, and at the same time reduce their costs by reducing spoilage.

We have under way a study of the kinds of cotton that are best suited to making the different kinds of textile goods. Cotton has certain good characteristics that can help it compete with the new synthetic fibers, and we hope to bring out those good points.

We have been instrumental in improving the facilities and methods of handling livestock at half a dozen of the major markets. These changes are designed to reduce shrinkage of livestock in marketing channels, and will react to the benefit of the livestock producer on the farm.

Deterioration of eggs in marketing channels has been



studied, and we believe we have found where most of the loss of quality takes place. A report is being prepared and we hope that egg producers will benefit through this study by learning better marketing methods.

Among other Research and Marketing Act Projects more effective presentation of market news is being studied. This is a very important one. Market news can take guess-work out of marketing, but to do so it must be available and be understood and be used.

We in PMA are responsible for developing cooperative work with the State Departments of Agriculture. Here is a large field of work that for the most part will be strictly in the service field. We have taken the lead in program development with the States with a view to coordinating the work to be done and developing a unified service in marketing. One thing that we are placing a great deal of emphasis on at the present time is a uniform project that seeks to correct or alleviate that old problem of too much in one place, with consequent waste, while other points, often nearby, haven't enough. There is not time to cover this subject in any detail but we have all seen that the normal pull of scarcity and high prices does not operate quickly enough, particularly in the perishables, to correct maldistribution. The program we are working out with the States is designed to speed up the process through better handling, better grading, and more rapid and effective use of market information. This work with the States has many more possibilities. It contributes to one of our immediate aims -- improving distribution. It is another point along the line that we are attacking the problems involved in producing and delivering our agricultural products in a truly marketable condition.

These are just a few samples of some hundreds of lines of work now going forward under the Research and Marketing Act. Obviously the problems of marketing are many-sided. That is why I have spoken to you of some of the many ways that can lead to solution of those problems. I hope that all of us of PMA, working together, will bring to bear all of the powers we have, from many directions, so that the abundance produced on our farms will be put to wider use.

Success in that undertaking will mean plenty for all -- plenty for the farmer who produces, plenty for the tradesman, plenty for the consumer. That is the goal of better marketing.

#



## SUMMARY OF AN ADDRESS

By Charles F. Brannan, Secretary  
of Agriculture

(The Secretary spoke at the Conference Banquet on Tuesday evening, December 7. He spoke extemporaneously. The following is a brief summary of main points covered in his address.)

It has often been said that it takes a better man to stand prosperity than to stand poverty. For us, this has a double meaning. First, agriculture is generally prosperous in the economic sense. Second, farmers have gained prosperity in the political sense. Now, when a man begins to get ahead the neighbors always watch to see how he will take it. So we can expect that the neighbors will be watching the farmer -- and you and me -- with a good deal of interest to see what happens. Is the farmer a big enough man to take it responsibly? Are we, his hired hands, good enough men to stand prosperity?

I'm sure I know what the answer will be. It will be the right answer. But we've still got to prove it.

All of us in agriculture have new and heavy obligations for sound, restrained, and responsible action. Today, I believe, we have the opportunity to go ahead and build the wisest, strongest, soundest, best farm program that any country has ever had.

One of the major lessons of our experience in recent years is that we must have a strong price support program backed up with crop storage and production adjustment measures. That is one thing we have learned about living with abundance.

I want to tell you frankly how I feel about this. My thinking goes about like this: I am not one of those who think the economy should be or necessarily will be adjusted downward. We need and can have an expanding economy. But if the constriction or downward adjustment comes, we are *not* this time going to start the process with the farmer.

As a matter of fact, I believe the nature of our economy is such that farm and urban prosperity are closely interrelated. If the constricting process does not start with the farmer, it may not get started at all. Stable farm prices and stable farm income at fair levels will go a long way toward stabilizing the whole economy.

As we all know, many farm prices have been coming down while operating expenses have kept on going up. Net farm income is down this year for the first time in ten years. We must make sure that price supports really give protection against farm price declines that are out of line with the general price structure. In other words, we must be sure that supports don't merely chase after the actual market prices. I think we can also work out a price support system that will help us maintain really safe reserves of basic commodities.

This leads to one of the main things I want to say to you about price supports. As one who believes in the fundamental importance of price supports, I also believe we must keep the price support problems in perspective. Price supports are basic to the whole farm program, but they do represent only one part of the farm program we need. The other parts are also extremely important, and to the extent that some of the other parts succeed, the problem of supporting prices is lessened.







We must not expect to substitute support prices for fair market prices. Our objective is still fair market prices, with supports in the role of aiding us in reaching that objective and protecting producers when we fall short of the objective. We must remember our potato experience and beware of measures which tend to prevent necessary shifts in production. We can be very sure that any measure which fosters wasteful production over a period of years will not be tolerated by the general public, and I trust it will not be tolerated by farmers. On the other hand, we can expect people to understand that as long as we take our chances on the long side instead of on the short side, in order to make sure of plenty, we will have some trouble with perishable commodities. We always have and always will, whether the Government is in the picture or not.

I don't have to remind you that some people are always ready to stir up resentment among consumers against the farmer. Industries and firms that sell goods and services spend millions of dollars in advertising -- not only to sell their goods and services but also their point of view. I am not suggesting that farmers do likewise, but I am suggesting that farmers and farm agencies be equally sensitive to the interests of the farmer's customers. Many labor organizations and other non-farm groups have been showing a great interest in farm problems and as their understanding grows they become more and more cooperative. Some of them have taken the farmer's side on important issues such as that concerning farm price supports and the cost of living. I know I speak for farmers when I say I appreciate that. I know I also speak for farmers when I say that we want to be equally open-minded and cooperative.

On the marketing side, let's not be satisfied with whatever conditions we may get from chance and the business cycle. Let us get started on an experimental program to improve the diets of low-income families and enact stand-by authority for larger programs. Let us be ready to fill in the gullies of demand, just as we are ready to climb the peaks. Let us have an international wheat agreement as soon as it is possible to renegotiate one that is satisfactory. Perhaps we can encourage and stabilize world trade in other commodities by means of agreements. Reciprocal trade agreements and the European Recovery Program are also essential to the future of world trade in which we can share.

Let us push forward our scientific research and services to make the marketing and distribution system more efficient. Let us see how many ways we can find to improve the process of getting farm products from producer to consumer.

(In addition, the Secretary discussed a number of specific program and operational subjects. These included: the basic importance of the farmer committee system in program planning and administration; the need to strengthen and coordinate soil and water conservation work; adequate grain storage to handle larger reserve supplies, and restoration of necessary CCC authority in this connection; continuing record production by our farmers, and what this has meant to this country and the world.)

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

1917

UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

(Excerpts from address by Albert J. Loveland,  
Under Secretary, U.S. Department of Agriculture,  
at the Production and Marketing Administration  
National Conference, St. Louis, Mo., Wednesday  
morning, December 8, 1948)

In this restless, disturbed world of ours, the crying need today is for the peoples of all countries to become more international-minded. This was brought home to me while serving as a member of the United States delegation to the fourth session of the Food and Agriculture Organization of the United Nations. We — and the peoples of all other countries — must broaden our thinking. Instead of my being a farmer of a certain township in Iowa, I am now a farmer of the world. This is also true of other farmers; we must all work toward a better understanding of the problems of the rest of the world; we must all cooperate in working out a peaceful solution to our mutual problems.

The basic question before United States farmers today is: "Is there a continuing market for the abundance our farmers can and want to produce?" Pointing out that now is the time for preventive medicine, the United States delegation to FAO suggested that the Commission concentrate much of its attention on the means of preventing a recurrence of the crisis of extreme shortage which the world faced during the past few years as well as the crisis of unsalable supplies which occurred during the early 1930's. Nothing in the world can be more distressing than hunger — unless it be plenty of food produced at great effort for a market which isn't there.

Farmers in this country want a reasonable export market for their products, but we must face the fact squarely that much of the world is now experiencing a dollar shortage. We must realize that, if we sell our products to such countries, we must take their products in return. In recognition of this problem, the United States has taken an active role in the program of reciprocal reduction of tariffs and other trade barriers.

What this country is able to do in the future in helping relieve the world food situation depends to a great extent upon what other nations do. In presenting this viewpoint before the FAO Conference, we urged that the multi-lateral approach be adopted as the most desirable way to work out commodity trade problems. We in this country do not believe that bilateral agreements or other government-controlled bulk contract sales are in the best interests of the world.

The International Wheat Agreement offered price and supply protection which is in the best interests of all the



participating countries. It is the hope of those of us who are working closely with world food problems that we may have another opportunity to form such an agreement. We feel, also, that the general pattern for the Wheat Agreement should be followed for other commodities as well.

Attending the FAO Conference offered an excellent chance to become acquainted with the people of many nations. Of great satisfaction to me was the fact that the more I learned of agricultural conditions in other countries, the stronger my convictions grew that the farm programs we have in this country are definitely in the right direction.

- - - - -

Our farmer-committee system, developed within the past 15 years, is unique -- no other country in the world has a similar set-up. If other countries had such a system -- whereby farmers take an active part in developing and administering their own programs, their farm problems might be solved more easily.

One of the outstanding accomplishments of our committee system is that it has developed a real farm leadership-- a leadership firmly rooted in the soil of practical experience. I hope our farmer-committees, in the days ahead, will take an even more active part in passing along their thinking and in helping to plan their national programs. Needless to say, farmer-committees must have part in the actual administration of such programs, and not become in effect a mere advisory group, with no real administrative authority.

I can't emphasize too much that the whole success of farm programs depends on the work done in the field. In assisting farmers to work toward a sound farm economy, there is a place for all kinds of programs -- those administered by our different agencies. All these activities are parts of the team; we are all working for the good of American agriculture, and we can work better and more successfully if we all work together.

Today we are coming into a period when our abundant agricultural production may increasingly create problems. We will need a stronger committee system than ever before to manage our program properly and according to democratic processes.

- - - - -

The abundant production American farmers now have moving to market and piling up on their farms is what we have been praying for. It hurts me every time I hear this abundance called a "surplus." Before we even dream of having "surpluses," we in this country have a real job of finding and filling all possible outlets for our plentiful supplies.

One outlet we have been forced to neglect in these recent years of world food shortage is what we used to call the Ever-Normal Granary. We need to build up our granary once more, to store up heavy reserves of non-







perishable products. Our sights have perhaps been too low as to the size of our carry-overs from year to year. We should give careful thought to increasing the total quantity of our grain reserves.

Even large stocks could melt away after a drought such as we had 14 years ago when a large part of our live-stock population was liquidated. Even now, we are going through a period when all consumer requirements for meat cannot be filled largely because of last year's short corn crop.

After we have filled all our domestic requirements, have exported reasonable quantities of farm products, and have stored up ample reserves for emergency use, then I would agree that we are entitled to "adjust" our total farm output.

- - - - -

Actually, a "safe" agricultural policy in this country requires that farmers have two kinds of food reserves -- stored commodities above the ground, and stored fertility below the ground. We were able to convert our agriculture speedily from a peace to a wartime basis because, when war began, we had large stocks of stored-up grains and other non-perishable products which we could use as needed; we were able to produce record farm crops year after year to meet the unprecedented demands of the war and postwar periods largely because our conservation programs of previous years, beginning with the original Triple-A programs, had stored in the soil large reserves of soil fertility.

The extraordinary requirements for U.S. farm products during recent years have constituted a severe drain on our land; we need to return to better crop rotation practices and take other restoration measures to protect our farms' productivity.

Many European countries are far ahead of us in making conservation a part of their regular farming systems; they have had to take extremely good care of their land because their soil resources were so limited. In this country, there is urgent need, too, to make conservation an unquestioned part of our day-to-day farming operations.

"Conservation" has two purposes, and both of them are for "use": (1) We "conserve" our soil and water resources so that we may produce the food and fiber needed today to support the life of our people; (2) we "conserve" our land in order that our farm plant may continue productive and thus be able to produce the food and fiber the Nation will need in the future.

Better conservation of our farmland requires that we start a gradual shift from our recent tremendous acreages of such soil-depleting crops as grains and soybeans toward a type of farming in which livestock and grass play a more important part. Encouraging such a shift, too, are present consumer demands and the Nation's nutritional requirements for more milk and meat, more fruits and vegetables.



We can make these necessary shifts in our productive pattern and still meet all requirements for U.S. farm products, for conservation farming in itself -- aside from the results of agriculture's amazing technological advances of recent years -- tends toward increasing yields and total farm output.

- - - - -

Speaking before the FAO Conference, President Truman pointed out that one of the ways to restore stability to the world is to produce plenty of food and see that it is distributed fairly. "Hunger has no nationality," he said. "Abundance should have none, either."

Working toward their goal of a sustained agricultural abundance, U.S. farmers will make a substantial contribution toward the achievement of a similar goal for the world, and thus help build a solid foundation for international goodwill and peace.

#



## REPORT OF PMA CONFERENCE COMMITTEE ON CONSERVATION

E. Harvey Miller, Chairman  
Thomas B. Joyce, Executive Secretary

This committee considers agricultural conservation one of the most urgent programs of the Production and Marketing Administration -- in fact of the entire United States Department of Agriculture.

We recognize that in spite of the valiant efforts toward conservation during the last several years, we are still losing ground in the fight against erosion. This process is more dangerous to our national economy than even the last world war which was forced upon us seven years ago this week. Newly rising dust storms and extreme damage from excessive rains recently have focused our attention anew on this problem.

The primary aim of our agricultural conservation program should continue to be conservation of the soil. Our entire public economy depends on maintaining this number one resource of the nation.

But agricultural conservation includes even more than conservation of the soil. It means increasing soil fertility; better utilization of water resources; increasing those crops which will build up our livestock and dairy population; and improvement of our farms generally. In addition, it helps the farmer apply conservation practices at the fastest possible rate without endangering his own financial position.

Recommendations of the Conservation Committee follow.

### 1. Consideration of Problems For Obtaining Needed Soil and Water Conservation On Privately Owned Lands

The public has an interest, if not a moral obligation, in keeping a permanent and stable agriculture for this and future generations. The problem of maintaining and improving our agricultural resources is not a job for the farmer alone, instead it is the concern of all of our people. The benefits of conservation practices accrue to both farmers and the public with the principal benefits accruing to the public through the control of erosion, the prevention of floods, the improvement of soil fertility, the promotion of better land use, and the assurance of continued and sustained production of quality foods, feeds, and fibre.

This Committee believes that the public investment in a conservation program should be utilized in employing all tools necessary in obtaining effective and efficient use of that investment. First, farmers and the public alike must know what needs to be done and why. This task requires use of informational and educational facilities. Second, farmers must know how to do the job properly. This step requires, in many cases, demonstrational work and the use of technically trained men in addition to the informational and educational outlets. Third, and most important, farmers must perform the conservation practices. The public investment in conservation is of no value unless it is used in a manner that will result in actual accomplishment of conservation objectives on the land itself.





## Committee on Conservation

Assistance in the form of conservation materials and services, or the sharing of the cost of the practices with the farmer are the most effective means of obtaining conservation by creating the desire on the part of the farmer to carry out needed conservation jobs.

It is the opinion of this Committee, therefore, that information, education, technical services, the furnishing of conservation materials and services, and a plan of the sharing of the cost of performing practices should be made available by the general public through the Congress to assist farmers in performing conservation practices for the national welfare.

### 2. Consideration of Alternative Proposals For Administration of Soil and Water Conservation Programs.

- Obtaining desired progress in conservation of our agricultural resources on privately owned land is dependent entirely upon the voluntary cooperation of individual farmers. A maximum of farmer participation is essential, therefore, in the conservation program if the public interest is to be best served.

The committee recognizes that conservation is an integral part of our farm program and that human and economic factors must be considered in dealing with conservation problems on individual farms. All programs of the Department which affect the economic welfare of farmers and conservation of soil and water resources should be available to farmers as a coordinated program and must be administered by farmer committees elected by farmers on the county and community level.

The Committee believes that the tremendous advances in conservation farming in the last decade is due, in a large measure, to farmer participation in the planning and operation of the Agricultural Conservation Program.

The Committee is of the opinion that maximum performance of conservation practices can best be obtained by a maximum of farmer participation in the planning and operation of the conservation program. Committees of practical, operating farmers have demonstrated their ability to select the best practices for most situations. Technicians, under the direction of these elected farmer committees, should be made available for working out more complicated problems.

The Committee urges a continuation of research in soils management problems.

### 3. Consideration Of Shifting To More Livestock Farming In Relation To Conservation and Production Adjustments

When the shifts in the production pattern require that larger acreages be seeded to perennial grasses and legumes for hay and pasture, or for the reestablishment of normal rotations which were disrupted under the all-out production requirements of the last few years, the Agricultural Conservation program should offer to farmers assistance in the establishment of such grasses and legumes. The Committee recognizes that millions of acres of grassland were plowed up and put into crops to meet production goals of the war and post war periods. A greater part of this acreage will need to go back to grass. The Committee further recognizes that the speed with which this shift can be made may be limited by supply of adapted seeds. The Committee recommends that



## Committee on Conservation

a. Price supports be made available for perennial grass and legume seed to be used for hay and pasture, when such seeds are found to be in short supply, and that such supports are continued until adequate carry-overs are obtained.

b. The Agricultural Conservation Program should provide assistance to farmers for seeding such grasses and legumes for hay and pasture purposes and for seed for planting for such purposes.

### 4. Consideration Of The Agricultural Conservation Program

a. Present legal limitations which may restrict obtaining most effective conservation.

#### (1) Limitation on information.

The language in the appropriation acts under the item "Conservation and Use of Agricultural Land Resources" for the past several years has contained language which has prohibited the use of regional, State, or county information employees. It is the opinion of the Committee that this prohibition is unfair and detrimental to the effective operation of an action program such as the Agricultural Conservation Program. It is unfair in that a like prohibition is not to be found in other items in the Department of Agriculture Appropriation Act or, to the best of the Committee's knowledge, in the Appropriation Acts for other Agencies. It is detrimental to the program because it prevents the dissemination of information of general interest to farmers on program objectives or on local conservation problems and ways or methods that could be employed in meeting these problems, or of informing the public of the aims and accomplishments of the program which they are underwriting.

Millions of dollars of public funds are appropriated to assist farmers in carrying out conservation practices for the national welfare while the very acts which appropriate these funds prevent normal information activities which would assist in obtaining greater participation on the part of farmers and better understanding of the critical need for conservation on the part of both farmers and the rest of the public.

The Committee urges that the appropriate officials of P&MA and the Secretary of Agriculture request the Congress not to include such a limitation in the next appropriation Act.

#### (2) Limitation on Assistance to Individual Farmers

The Committee believes that the maximum limit of \$750 to a producer under the 1949 program impedes the obtaining of needed conservation. The assistance offered under the program represents the public's stake in soil and water conservation practices. The assistance is neither a dole nor a device to raise farm income. Further, such assistance covers only a part of the cost of performing needed conservation practices. The farmer pays a large share of the total cost himself, generally 50% or more.

The Committee also recognizes that erosion from wind or water, loss of fertility, floods and other hazards are not confined to small holdings. The Committee believes that it is in the public interest to attack these problems wherever they occur on privately-owned farmland and feels





## Committee on Conservation

that the local county committees are capable of utilizing available funds to the best interests of the farmer and the nation.

The Committee recommends, therefore, that every effort be made to have the Congress keep any payment limitation out of the appropriation Act and, thereby, revert to the maximum limit of \$10,000 in the Basic Act.

### (3) Limitation of Program Funds for the Total Conservation Job.

The States and Insular possessions have presented their conservation needs figures to the Agricultural Conservation Program Branch for the purpose of allocating available funds as required by law. These needs are tremendous and although the records indicate that we are making much progress in conservation under the Agricultural Conservation Program, the magnitude of the job requires a speeding up if we are to make an appreciable yearly gain in the overall job.

It is the opinion of this Committee that not less than \$300,000,000 should be made available for the 1950 program year to assist farmers in carrying out soil building and soil and water conservation practices under the Agricultural Conservation Program and that the amount be increased to \$500,000,000 for 1951 to more adequately meet the conservation needs.

### (4) Limitations Which Hold Expenditures to Fiscal Year and Allow No Carryover

The funds appropriated by Congress for a program year may only be used for practices carried out in the period of time specified in the Appropriation Act. If any of the funds are not used within that period, they revert to the Treasury, and the amount of conservation which could have been obtained by the unused funds is lost. It is rather an impossible task to use each and every dollar available in assisting farmers and still have no risk of over-obligating the appropriation. Commitments are made to nearly 3,000,000 participants based on their intentions to carry out conservation work. The local county committees want to use the funds wisely and effectively in getting an increased volume of conservation.

Committees cannot predetermine which intentions will be fulfilled and which will not be fulfilled. As a consequence, if the commitments are held in line with the available funds, particularly in those areas where all practices require prior approval of the county committee, there will be some funds unused at the end of the program year.

It is the recommendation of the Committee that in the interest of conservation and in recognition of the soundness with which the State and local committeemen are operating the program, that whatever steps are necessary be taken to obtain authorization to carry any unused funds under one year's program to the next succeeding year and use them for the purpose for which they were originally appropriated.

### b. Long Range Individual Farm Conservation Program

The Committee believes that the Agricultural Conservation Program will render greatest assistance to those





## Committee on Conservation

farmers who have developed and are carrying out on their farms a long range conservation program. It is essential that we take a long range approach to the conservation work that needs to be done on each farm or ranch. Farmer committeemen with proper assistance from the State and county offices can be of great assistance to their farmer neighbors in developing effective conservation programs adapted to the conditions and needs that exist on each farm. Such individual conservation programs would provide the farmers and the local committee with a simple and direct appraisal and approach to meeting the conservation problems of each farm in the order of their importance and urgency of need. They would be of the greatest assistance to our committees in developing and administering an agricultural conservation program best adapted to the needs of individual farmers and ranchers.

This committee recommends that each state progress as rapidly as possible in getting developed for each farm a long range conservation program that the individual farmer and his committeemen consider best adapted to the circumstances of that particular farm.

### 5. Consideration of Conservation Problems in Relation to Price Supports

The committee recommends that minimum standards of conservation and good land use be met to qualify a producer for price support benefits.

### 6. Other Recommendations

a. The committee recommends that the operating procedures for the Conservation Materials and Services phase of the program be reviewed and the deductions for sub-standard material under the Purchase Order Plan be made comparable with those under the Contract Plan.

b. The committee recommends that the policies with respect to the establishment of the program year for the 1949 program be continued for the 1950 program.

/s/ E. HARVEY MILLER

---

E. Harvey Miller, Chairman

/s/ THOMAS B. JOYCE

---

Thomas B. Joyce, Executive Secretary

December 8, 1948



## REPORT OF PMA CONFERENCE COMMITTEE ON PRODUCTION ADJUSTMENT

B. F. Vance, Chairman  
Roy J. Jordre, Executive Secretary

The basic agricultural policy of the United States should be one of organized, sustained, and realistic abundance -- achieved efficiently, with proper regard for the continued productivity of the soil and fair prices to the farmer. A pattern of agricultural production should be followed that will supply all of our people with the kinds and quantities of products needed for improved levels of nutrition and for better levels of living.

To meet changes in demand and protect farm prices and the national welfare, however, agriculture will continue to need programs to encourage production shifts. These changes in production necessarily entail various types of adjustments, and in looking ahead this committee has given considerable thought and study to the development of practical methods which will aid agriculture in making the necessary production adjustments. Its recommendations may be broadly grouped under three major subjects: (1) methods of utilizing abundant production for high living standards; (2) general production adjustment problems; and (3) methods of obtaining production adjustments.

### Methods of Utilizing Abundant Production for High Living Standards

The committee believes that the following methods of increasing consumption and utilizing abundant production should be used to the maximum practical extent:

(1) Distribution to schools participating in National School Lunch Program, welfare agencies, and to state and federal institutions.

(2) Continuance of aid to expand industrial utilization of agricultural commodities, with careful consideration being given to its effect upon competing commodities.

(3) Expansion of trade agreements, barter agreements, export subsidies, and other methods or devices for increasing exports of agricultural commodities. Whenever possible trade agreements should be on a world basis.

(4) More work should be done to improve efficiency in the marketing of agricultural commodities.

(5) An expansion and intensification of PMA's plentiful foods program which seeks to increase the consumption of abundant and plentiful foods moving through normal trade channels through the creation of greater interest in these foods among consumers.

The research programs to develop new uses for agricultural commodities should be continued.

The committee recommends that consideration be given to utilizing surplus feeds and wheat for the production of livestock and livestock products. This may be done by providing support prices to farmers on livestock and livestock products at a level which will make livestock production profitable rather than by subsidizing feed grain products.



## Committee on Production Adjustment

### General Adjustment Production Problems

The committee recognizes the intimate and close relationship between production adjustment activities and conservation programs and, therefore, recommends that these programs be administered by the same state committees and democratically elected farmer county and community committees. Marketing programs should be administered by these committeemen insofar as practicable, and in cases where it is not practicable for committee administration the committees should be kept fully informed of the objectives and activities of the marketing programs.

The committee recognizes that during the war and post-war period in order to produce the food and fiber requirements of this and other nations it was necessary to till much land that otherwise would not have been tilled. Land of low productivity, land subject to severe erosion and other land now used for tilled crops, should be taken out of cultivation and planted to grasses and legumes, forest trees, and devoted to other appropriate conservation uses through payments for conservation and soil-building practices. In this connection, it is recognized that a stabilized income at satisfactory levels will contribute greatly toward bringing about desirable shifts in land use.

### Methods of Obtaining Production Adjustments

In spite of the best efforts to increase consumption of agricultural commodities at home and abroad it is going to be necessary from time to time to adjust the production of commodities to expected domestic and foreign markets in order to avoid over production and consequent waste in use of resources.

When commodities are produced in excess of domestic and foreign demand, adjustments in production may be obtained quickly through the use of allotments and marketing quotas for individual farms. In considering application of allotments or quotas for grain crops, we recommend that legislation be amended to permit carry-over of sufficient quantities for approximately six months domestic requirements. In connection with other storable commodities provisions should also be made for a considerable quantity of carry-over.

Whenever necessary and practicable the committee favors rigid controls of production and marketing of agricultural commodities (including poultry, poultry products, livestock and livestock products) through acreage allotments, marketing quotas, marketing agreements, and other methods that may be applicable to individual commodities.

In connection with some commodities a relatively small expenditure of funds may be used to divert them from the usual marketing channels to remove the surplus.

When reductions in acreage are necessary through allotments or marketing quotas, provision should be made to prevent shifting land to the production of other commodities that may cause such other commodities to be produced in surplus, thereby depressing prices for these commodities.

Revision of existing allotment and marketing quota legislation is necessary in order to establish allotments and quotas in line with current effective demand and in order to permit the use of more recent data in the establishment and distribution of allotments and quotas.





## Committee on Production Adjustment

National allotments and quotas should be distributed to states on the basis of production history.

In distributing state allotments to counties and county allotments to farms some flexibility should be permitted in order that state and county committees can take into consideration factors in addition to history.

We recommend that provisions be made to permit the prompt enforcement of marketing quota regulations. Regional Offices of the Department's Solicitor's Office should be given authority, upon recommendations of the State Committee to bring suits where necessary to collect penalties.

Marketing quota laws should be amended to provide that the statute of limitations will not apply in connection with the collection of marketing quota penalties.

The committee considered the advisability of using flexible price supports as a means of reducing production but believes this method will not be effective.

In respect to goals it is believed they can be used as a guide in informing farmers about anticipated needs when controls are not necessary.

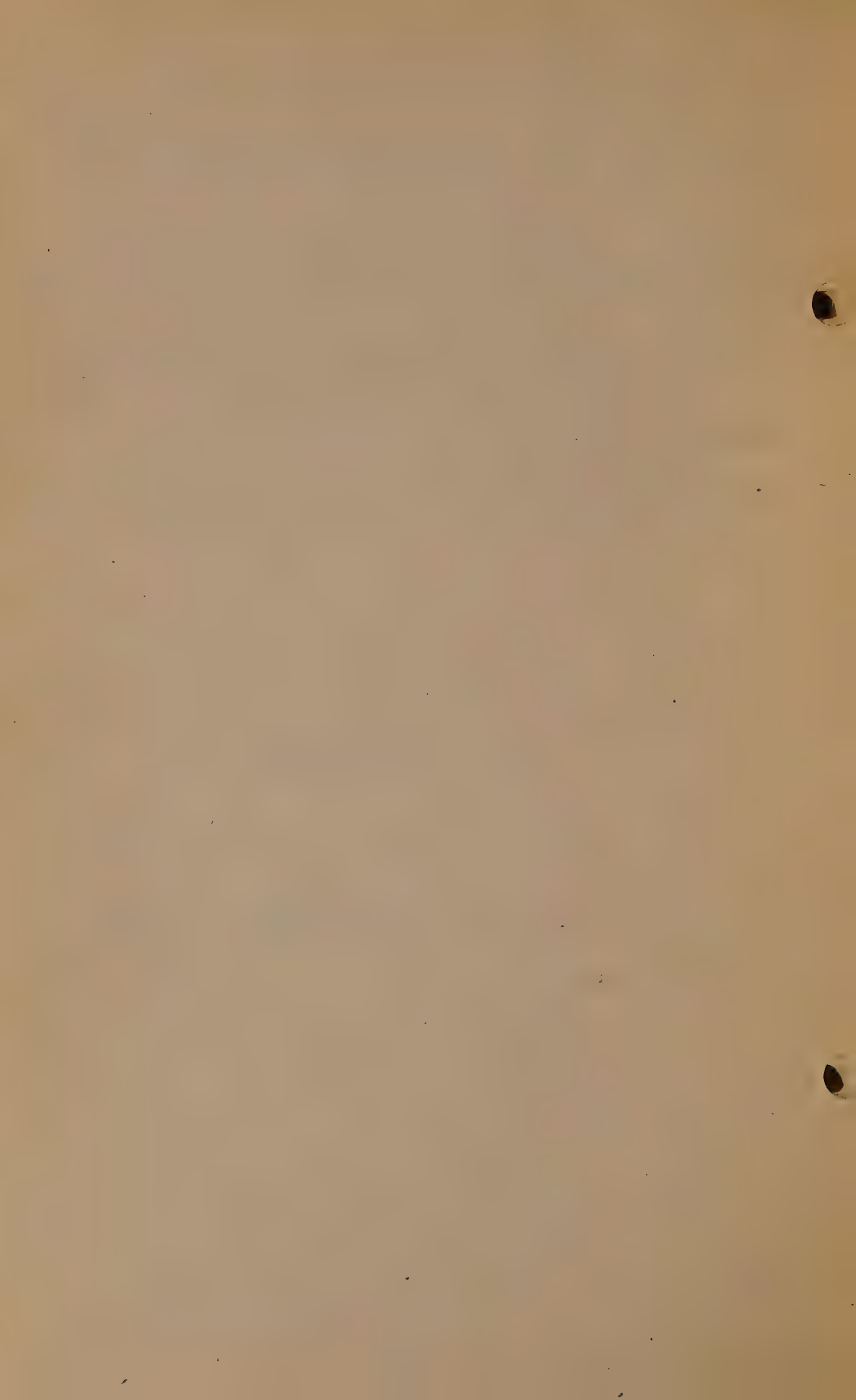
/s/ B. F. VANCE

B. F. Vance, Chairman

/s/ ROY J. JORDRE

Roy J. Jordre, Executive Secretary

December 8, 1948



# REPORT OF PMA CONFERENCE COMMITTEE ON PRICE SUPPORT

Harry M. Combrink, Chairman  
J. Murray Thompson, Executive Secretary

This committee has undertaken its task with the full realization that we cannot have a healthy agriculture or a healthy national economy unless producers of all agricultural commodities receive their fair share of the national income.

To insure farmers a fair share of the national income we must assure them fair prices - stable prices. We therefore consider that price support is in reality price stabilization, and we believe that in return for the assurance of price stabilization the farmers of America will maintain production at levels high enough to meet the needs of an expanding economy, and that they will willingly adopt production adjustments, marketing quotas, and other controls as needed to prevent wasteful over-production. In this way, through the assurance of adequate supplies, consumers will be protected against high prices, and through the assurance of fair prices to the farmer, the nation will be protected from the disastrous deflations which have invariably followed sharp declines in farm prices.

We believe that farm production should be safely on the side of plenty. Such a program assures ample supplies of farm products at prices that are not too high, but it carries with it a great risk to the producer. At times, high-level farm production will inevitably lead to temporary over-supply, and the farmer would become the victim of his own good faith. We believe it is fair that in spite of such temporary over-supply, farmers should be guaranteed fair prices - prices close to parity.

We firmly believe that price stabilization is so interwoven with conservation of agricultural resources that programs for their attainment must be closely related.

Further, in return for the guarantee of stabilized prices, farmers must work together in developing and carrying out programs for the orderly marketing of their crops. This will in itself help assure fair prices to all, and it will help make possible the most efficient use of our resources and the maximum degree of conservation.

Finally, we are strong in our conviction that every phase of price stabilization programs which can be administered through the system of elected farmer committees should be administered through these committees, which have proved themselves capable of dealing efficiently with any type of program involving the participation of farmers. The elected committees should also be given full opportunity to participate in the development of programs and to review them from time to time so that they reflect the views of the men the farmers have chosen to represent them.

With these general principles to guide us, your committees has developed the following recommendations. We have brought them forth not without differences of opinion and not without differences of opinion and not without compromise. But we have not compromised on the fundamental principles just reviewed.



## **Committee on Price Support**

### **RECOMMENDATIONS INVOLVING LEGISLATIVE CHANGES**

#### **I. Basic Commodities**

We recommend a support price for the basic commodities, wheat, corn, cotton, peanuts, rice and tobacco at not less than 90% of parity. Acreage allotments and marketing quotas should be used on these commodities whenever necessary in order to bring supply in line with demand.

#### **II. Non-basic Commodities**

We further recommend the policy of providing mandatory price support for all other agricultural commodities, providing that producers of a given commodity can agree on and put into effect a plan for production or marketing control, increased consumption aids, the diversion to new uses, or a combination of these or other tools which in the judgement of the Secretary would be sound for that commodity.

For non-basic agricultural commodities for which a program has been developed in accordance with these provisions, we recommend a mandatory support price of not less than 90% of parity.

For other non-basic agricultural commodities for which the producers have made an effort to develop a sound program, we recommend a price support of not less than 75% of parity. Support at this level may be continued if producers continue their effort to develop a sound program.

For all other non-basic agricultural commodities for which no program has been developed, we recommend a support at the discretion of the Secretary and at a level to be determined by the Secretary.

#### **III. Price Supports to Increase Production**

We recommend that for all commodities both basic and non-basic, the Secretary should have the authority to establish support prices at whatever level necessary to obtain increased production in the national interest.

#### **IV. CCC Charter**

In order to permit effective price support, we recommend the elimination from the charter of CCC of all provisions which handicap the Corporation in the storage or handling of commodities. We specifically recommend that the Corporation be authorized to acquire or lease or erect any plant or facility or to acquire or lease real property that is needed for the handling or storage of commodities.

#### **V. Import Quotas**

We recommend that import quotas should be available for all commodities under price support programs and that the authority for the imposition of these quotas should be placed under the Secretary of Agriculture.

#### **VI. Parity Revision**

We recommend further improvement of the parity price formula scheduled to go into effect January 1, 1950, by including hired wages in the index of prices paid by farmers as set forth in the Department's long-range farm program proposals to the agricultural committees of Congress in October, 1947.





## Committee on Price Support

### VII. Enabling Legislation

We recommend that enabling legislation be provided which will give the Secretary of Agriculture authority to implement these recommendations.

#### RECOMMENDATIONS REGARDING STORAGE FACILITIES

We recommend that CCC should purchase suitable farm storage bins in large quantities for resale to farmers at cost in order to encourage more farm storage. Resales to farmers should be made on the basis of a down payment of 1/4 of the sales price, with the balance in 3 annual payments. Where needed, credit arrangements should be made available to farmers who desire to provide their own.

We recommend that additional storage be built and owned by CCC, and be operated under the supervision of the State and county committee.

The amount of CCC-owned storage recommended is as follows

**Corn** - A maximum U. S. carryover of approximately 1 billion bushels is suggested. CCC should build 150 million bushels of storage now with provisions to increase as needed.

**Wheat** - Maximum U. S. carryover of approximately 400 million bushels is suggested. CCC should build 50 million bushels now with provisions to increase as needed.

**Rice and other storable commodities** - Maximum U. S. carryover and immediate storage needs should be developed comparable with wheat and corn.

The location of the CCC-owned storage recommended is as follows:

The bulk of CCC storage should be located in the area where the commodity is produced, with adequate amounts of storage in deficit feed areas and in line of export movement.

#### RECOMMENDATIONS CONCERNING ADMINISTRATION OF PRICE SUPPORT PROGRAMS

##### I. Method of Support

On storable commodities we recommend the use of farm stored loans, warehouse stored loans, and purchase agreements to producers in order to maintain support prices. Storable commodities are those commodities that can be carried into the next marketing season without excessive cost or appreciable deterioration.

On non-storable commodities, we recommend the use of CCC funds for the purpose of purchasing or making loans to producers, handlers, or processors to reflect the support level, and by purchases and re-sales. Where it is not practical to maintain the support price of these commodities by those methods, we recommend the use of CCC funds for making direct payments to producers, beginning in 1949.

In the development of a purchase program, we believe that the outlets for the commodity should be given consideration, but the lack of immediate outlets should not of itself eliminate the commodity from price support.



## Committee on Price Support

We recommend every effort be made immediately toward developing improved merchandising methods, more orderly and efficient marketing, and better understanding of support operations as a means of making support programs more effective.

We favor retaining and expanding the national school lunch program. The funds for operating such a program should be appropriated by Congress and not taken from Section 32 funds. This will make the entire Section 32 fund available for the purposes stated in this section of the law.

### II. Reflection of Price Support to Producers

We recommend that whenever CCC supports the price of a commodity by means of purchases from, or loans to, persons other than producers, such persons should be required to have paid the support price for all of the commodity purchased by them from eligible producers.

### III. Local Administration of Price Support Programs

We recommend that procedures for all price support programs including loans, purchases, and purchase agreements, provide for the use of the State and County committees to the maximum practical extent in formulating and servicing these programs. All contractual relations with agents utilized in the program such as cooperatives, banks, lending agencies, processors, handlers, warehouses, and others that are essential in proper handling of any commodity should be developed in a uniform manner using to the fullest possible extent State and County committee supervision and assistance.

We recommend that loans to producers under price support programs, be disbursed by means of sight drafts issued by PMA State Offices, in the same manner as payments under purchase agreements. We further recommend that careful consideration and study be given to the advisability of disbursing such loans eventually through the facilities of County committees.

### IV. Responsibilities of Producers

With regard to the responsibilities of producers participating in price support programs we recommend the following

(a) That it is the responsibility of the producer to provide, or arrange for, storage for every storable commodity until CCC takes possession.

(b) That for commodities under marketing agreements, production of inferior quality be withheld from the market by the producer or diverted to alternate uses.

(c) That production to be used for human consumption be put in readily marketable condition by grading, packaging or other applicable processing, but that products for diversion not be processed, thereby saving this additional expense.

(d) That producers participating in price support programs be required to market the commodity in as orderly a manner as possible. The CCC should have authority to establish a time schedule for acceptance of commodities purchased for price support purposes.

(e) That marketing agreements be developed for commodities whenever practicable.



## Committee on Price Support

(f) That producers improve marketing practices to the fullest possible extent.

### V. Eligibility Requirements

With regard to the conditions of eligibility for participation in price support programs we recommend the following.

(a) That producers be required to comply with control measures such as acreage allotments, potato goals or marketing quotas - for all commodities for which such controls are in effect before being eligible for any price support.

(b) That no fees be required for eligibility for price support. We oppose requiring producers to pay for compliance checking, which should be borne by the government.

### USE OF STANDARDS IN AGRICULTURAL ACT OF 1948 IN DETERMINING

#### (a) Non-Basic Commodities to be Supported

We are of the opinion that the prices of all agricultural commodities are entitled to be supported provided that certain standards can be met and that a support program is requested by producers. The standards in their order of importance are as follows:

(1) The ability and willingness of producers to keep supplies in line with demand.

(2) The availability of funds.

(3) The need for offsetting temporary losses of export markets.

It is the thinking of this committee that if the above conditions are fulfilled little consideration need be given to the other mentioned standards in determining whether or not there should be a support program.

#### (b) Level of Support for Non-Basic Commodities

We are of the opinion that no one set formula can be applied to determine the level of price support for non-basic commodities. Instead, all of the standards outlined in the Agricultural Act of 1948 must be carefully applied to each individual commodity and situation.

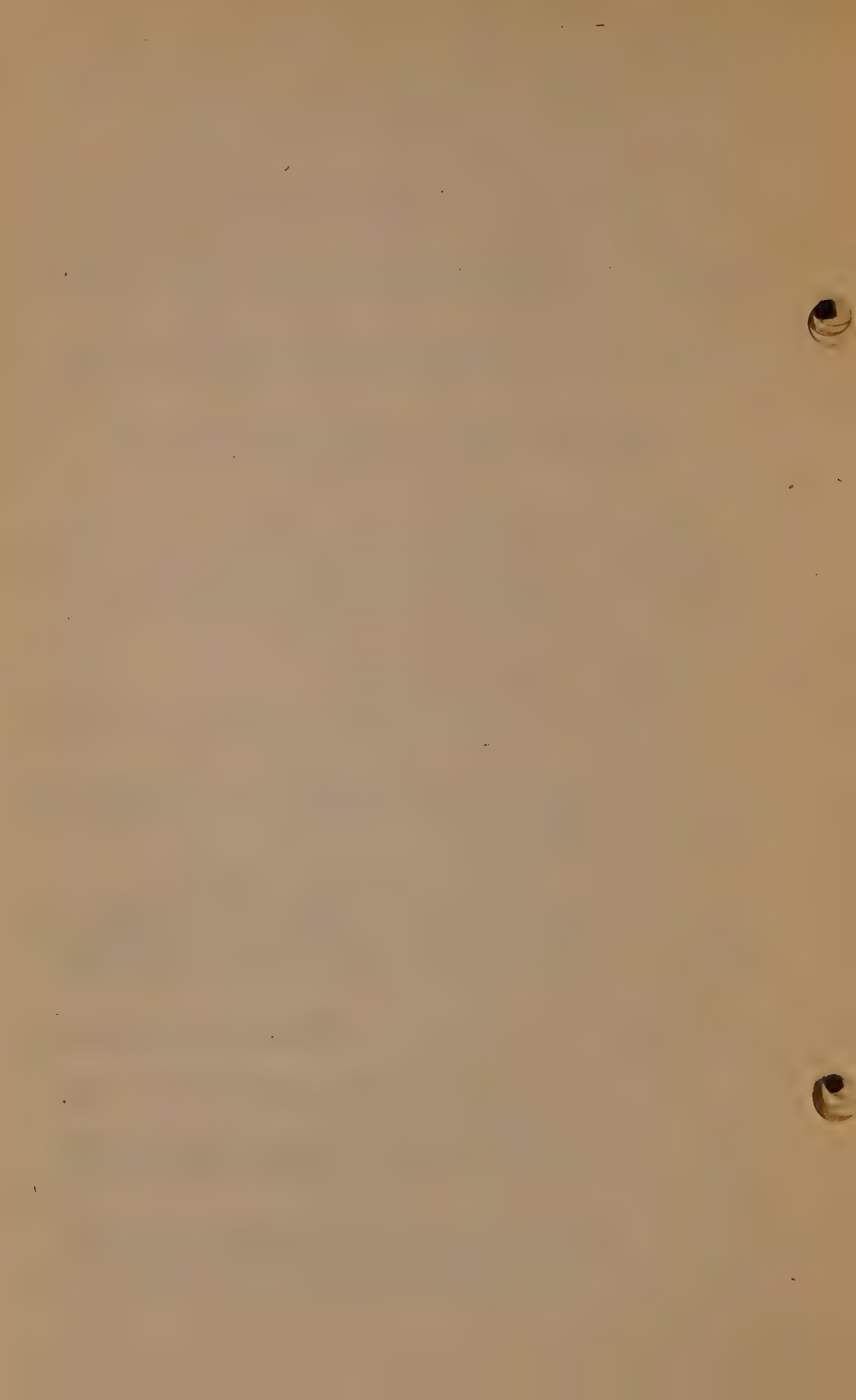
The reason why a set formula cannot be used is the fact that the circumstances and conditions concerning each commodity are different.

The degree to which a commodity can meet the established standards should determine the level of support.

Extreme care must be exercised that the level of support must be such as to not accumulate burdensome supplies of any commodity which cannot be disposed of without excessive cost to the taxpayers.

This recommendation should not be considered as an endorsement of these provisions of the Agricultural Act of 1948. They are made solely as a guide in event those provisions of the Agricultural Act of 1948 become effective.







## Committee on Price Support

### PAYMENTS TO PRODUCERS FOR STORAGE AND HANDLING

We recommend that storage and handling payments be made to producers for services performed under farm storage loans and purchase agreements. In the case of grains, storage and handling payments should be the same as allowed commercial warehouses under the Uniform Grain Storage Agreement. Comparable rates should be established for other commodities, excluding perishables, not covered in the Uniform Grain Storage Agreement.

### SERVICE FEES

We recommend that Commodity Credit Corporation continue to charge producers a reasonable fee for special services performed for producers in the field administration of price support programs. Such service fees shall cover the overall administrative cost of such services such as handling price support documents, inspection of farm storage facilities and any risks assumed by Commodity Credit Corporation where insurance is not carried or required. Service fees in grains should be continued at the present rate and service fees for other commodities should cover the costs referred to above.

### ANNOUNCEMENT OF PROGRAMS

We recommend that all price support percentage levels should be announced as early as practical, in order to influence total acreage and production of each commodity as much as possible and to keep producers properly informed. For annual crops, mandatory support percentage levels should be announced before planting time. For other agricultural commodities, mandatory support percentage levels should be announced at a similarly appropriate time.

/s/ Harry M. Combrink

Harry M. Combrink, Chairman

/s/ J. Murray Thompson

J. Murray Thompson, Executive Secretary

December 8, 1948



# REPORT OF PMA CONFERENCE COMMITTEE ON MARKETING

J. Ralph Graham, Chairman  
Earl R. Glover, Executive Secretary

In seeking solution of marketing and distribution problems which constitute a major factor in the economic welfare of the producer and the esteem in which he is held by his customer -- the consumer -- producers have entered upon an era of more active interest in efforts to effect improvements in marketing and associated fields. The ensuing recommendations and comments represent the studied, conscientious judgment of the Committee on Marketing of the National PMA Conference in St. Louis.

## I. Research and Marketing Act

We are impressed by the fact that the Research and Marketing Act provides a broad charter for conducting research looking to the solution of problems affecting every aspect of our marketing and distribution structure. Recognizing that production research and associated action programs, particularly during the past 15-20 years, have accomplished near miracles in perfecting production techniques, we endorse comparable research efforts directed toward specific marketing problems.

We are of the opinion that research directed toward a reduction in the price spreads between the producer and the consumer offers ample opportunity for fruitful research under the Act. We believe that existing distributive processes have had extensive opportunity to effect improvements in marketing, looking toward a reduction in costs and margins, but improvements in marketing have not kept pace with improvements in production. This has made it difficult to narrow price spreads. We recommend that PMA expand its work to the maximum extent under the provisions of the Research and Marketing Act, to develop and gain acceptance of improvements in packing, packaging, processing, handling, storing, transportation, market facilities, and merchandising which should aid in narrowing price spreads.

We recognize the obligation of farmers to produce food and fiber products in a quantity and of a quality required by consumers, and at prices consumers can afford to pay. To further a more orderly and efficient marketing of our food and fiber products, and otherwise assist us in managing the abundant production of our farms, we offer the following recommendations regarding the planning, initiation and administration of work under the Research and Marketing Act:

1. State PMA Committees not now having commodity advisory committees should be urged to establish such committees for purposes of keeping the State Committees thoroughly informed on specific marketing problems in their States. Such information may be furnished the PMA Administrator, through channels, for his appropriate action, or the State Committees may request that a branch specialist meet with them to help determine what action they might take individually, or in cooperation with others, to correct the problem. The advisory committees may also be utilized as "sounding boards" to determine what marketing problems should be called to the attention of the PMA for possible development under the provisions of the Act.



## Committee on Marketing

2. PMA branches conducting research should avail themselves of the thinking of State PMA Committees when planning fields of research under the Act. Members of the Committees are in daily touch with marketing problems of real concern to farmers and are, therefore, particularly qualified to propose consideration of problems of immediate and serious importance. Furthermore, the State PMA Committees should be informed of the proper channels to be used for submitting such proposals. Where marketing problems are of particular severity, the PMA should make arrangements for representatives of one, or more, State PMA Committees to appear before working groups and/or the PMA advisory committees to discuss the urgent need for such research.

3. The PMA Administrator should request the State PMA Committees interested in particular commodities to recommend to him farmer representatives whom they believe are best qualified for potential membership on established RMA advisory committees. Thus, when vacancies occur on any of the committees, the PMA Administrator will be prepared to recommend a fully qualified candidate for the consideration of the Administrator of the Act.

4. We are impressed by the fact that, before approving work under the Act, the Administrator of the Act places reliance upon recommended priorities established by the RMA advisory committees. In order that the recommendations of these RMA committees may best reflect the farmers' viewpoint, and take properly into account marketing problems faced by farmers as individuals or groups, we believe that farmer representation on such committees should be strengthened at every opportunity.

5. It would be most helpful if State PMA Committees could be fully apprised of marketing work now under way under the Act, whether it be carried out by State agencies or the PMA. Furthermore, when new work is inaugurated, the State PMA Committee or committees concerned should be promptly informed. The State PMA Committees and farmers as a whole know little about RMA work now in progress, even that carried out by State agencies within their own States. We believe it is highly essential that the State PMA Committees be aware of all work directed at correcting marketing problems they themselves are facing. When tangible results are apparent under the RMA and publications are available, these should be furnished to all State PMA Committees likely to be interested.

6. In order to avoid misunderstandings of the manner through which work under the Act is administered, or which agencies have responsibilities for specific fields of work, the State PMA Committees should be furnished a thorough, concise, statement of the development and approval of work under the Act.

7. Because provisions of the Act make it possible for several agencies to carry out work with RMA funds in a single State, there is need for careful coordination to eliminate wasteful duplication of effort and bring about effective cooperation and exchange of information among the various agencies involved. We endorse the coordinating efforts now being exerted by the agencies concerned, but suggest that it would be highly beneficial if the Administrator of the Act would further encourage State agencies originating work proposals under the Act to consult with each other, and cooperate together in planning the work, and otherwise contribute their combined knowledge to a thorough understanding of the problem to be attacked.







## Committee on Marketing

8. In those States where a lack of funds required by State agencies to match Federal funds prevents the undertaking of needed work under the Act, producers should give attention to encouraging the appropriation by their State governments of sufficient funds to permit cooperative work under the Act.

## II. Marketing Services and Regulatory Work

In the appropriation of funds required to maintain the market news services, it should be recognized that operating costs have increased greatly in recent years, and that these essential services must not be permitted to lapse through the lack of adequate financial support by both the Federal and co-operating State agencies. Recognizing that market news inspection and grading services provide vital tools for the farmer in the orderly and efficient marketing of his products, we recommend as follows:

1. Sufficient funds should be made available to the PMA to maintain the present services on a scale required to meet adequately the needs of farmers, and also permit a reasonable expansion to cover additional commodities and markets in need of coverage. Every farmer is entitled to know the quality of the product he has to sell and the price he should receive for the quality represented. The marketing services of the PMA aid farmers by strengthening his bargaining position, and we believe without reservation that the ability of the PMA to serve the farmer must not be handicapped because of lack of funds.

2. The PMA is encouraged thoroughly to explore the feasibility of establishing retail market news services, local area market reports, and truck shipment reports, particularly for perishable commodities. Should such exploratory work indicate that accurate reports can be obtained and that there is sufficient need for such additional market reports, the services should be gradually expanded to a national basis, depending upon the availability of funds. However, this additional market information must be financed with additional appropriations for those specific purposes, and not at the expense of wholesale terminal market reports.

3. We recommend that the various States be encouraged to expand their interest and participation in the field of market news, through cooperative Federal-State agreements whereby the cost of such service within the individual States would be partially supported by State funds.

4. Utilization by the press and radio of market information not identified as to source may be confusing and often misleading. In the interest of farmers, individual newspapers and radio stations should be encouraged at all times to identify market reports which originate within the USDA and its cooperating agencies.

5. The continuing effective work of the PMA in the development and administration of grades and standards is to be commended. We endorse this continuous review by PMA of existing official U.S. grades and standards, to the end that standards may be revised as the need requires and new standards may be established to meet requirements of farmers, consumers, and the distributive trades arising from the development of new varieties, and changes in consumer preferences and trade practices.



## Committee on Marketing

### III. Marketing Agreements

Farmers need to understand more completely the opportunities provided through marketing agreements to accomplish orderly and more efficient marketing. The PMA should, therefore, make available to the State PMA Committees all information which will aid them in understanding the use and administration of marketing agreements.

The Agricultural Marketing Agreement Act of 1937 should be amended to make marketing orders applicable to all agricultural commodities and products thereof.

In the administration of milk orders, the PMA should continue to consult State PMA Committees wherever possible.

### IV. Distribution and Related Programs

In recognition of the importance of expanding marketing outlets to provide greater assurance that the abundant production of our farms will be marketed at reasonable prices, we recommend:

1. That sufficient funds be appropriated for the National School Lunch Program to permit expansion of the program to cover all schools desiring to participate.
2. That funds for the School Lunch Program be provided by direct appropriation rather than from Section 32 funds.
3. That the PMA expand and intensify its plentiful foods program.
4. That National authority be provided for a standby program to furnish food assistance to low-income families during periods of low employment, thereby establishing a floor under levels of consumption, and that such a program be tested on an exploratory basis in the immediate future to establish definitely the most feasible basis for administration.

### V. General

We believe the ability of farmers to market their commodities in an orderly manner will be greatly strengthened if adequate capacity of on-the-farm and local storage facilities is provided. This would permit the temporary withholding of storable commodities from the market during periods of seasonal or temporary surplus conditions, and would prevent distress selling and its resultant depressing effect upon the market. It would also permit the storing of reserve supplies to meet any unforeseen emergency that may face the nation, and aid the farmer in placing his operations on a more diversified and self-sustaining basis.

The U. S. Department of Agriculture presently has no authority to collect and disseminate facts and figures on pack, movement and holdings of frozen and canned fruits and vegetables. Availability of such information at frequent and appropriate times would provide an authoritative basis for estimating production needs and reasonable price levels. The committee recommends that authority be provided enabling the Department of Agriculture to collect and disseminate to all interested persons current facts and figures on pack, movement, and holdings of frozen and processed fruits and vegetables; and, further, that authority be provided to establish an advisory service to counsel both



Committee on Marketing

producers and processors in the achievement of equitable production and processing contracts.

/s/ J. RALPH GRAHAM

J. Ralph Graham, Chairman

/s/ EARL R. GLOVER

Earl R. Glover, Executive Secretary

December 8, 1948





## REPORT OF PMA CONFERENCE COMMITTEE ON ADMINISTRATION

James J. Love, Chairman  
H. I. Dunkleberger, Executive Secretary

In order to do a more effective, economical, and direct job of administering certain national farm programs, and in order to secure the greatest possible participation by farmers in developing and administering such programs, it is recommended:

That all of the following action programs and functions of the U. S. Department of Agriculture dealing directly with farmers be administered by U. S. Department of Agriculture State Farmer Committees and by U. S. Department of Agriculture farmer-elected county committees:

- Agricultural Conservation Program
- Assistance to Soil Conservation Districts
- Price Support, Loan, Purchase and related programs
- Production Adjustments
- Marketing Quotas and other Production and Marketing Programs presently administered by County Agricultural Conservation Associations
- Federal Crop Insurance Programs
- Other programs which may be assigned these committees by the Congress or by the Secretary of Agriculture

Action on these recommendations will meet the urgent need for a focal point in each state and county where all farmers may secure services provided by these programs.

*It should be understood that the above recommendation does not refer to any existing agency or committee personnel.*

With respect to P&MA operations and programs, as they now exist, it is recommended that:

(1) Qualifications of State Committeemen and the method of their selection should be continued without change.

(2) The delegate system of electing the county committee be eliminated and that all community committeemen be authorized to meet in the annual county convention with power to vote for the county committee. A majority of the community committeemen must be present at the county convention.

(3) In order to carry out the conservation responsibilities of the County Agricultural Conservation Associations it is recommended that an increase in funds of 50 percent over 1949 fiscal year appropriations be obtained for local administration expenses. Additional sufficient funds must be allotted to State and County Committees for the formulation and administration of acreage allotment and marketing quotas. Unless adequate funds are made available these programs cannot be carried out effectively.



## Administration Committee Report

(4) The following language in Public Law 712 be deleted from future legislation: "PROVIDED FURTHER, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State or county information employees, but this shall not preclude the answering of inquiries or supplying of information to individual farmers."

(5) P&MA Committees disseminate such additional information as is necessary to make possible informed and efficient program administration.

Good administration of all P&MA programs requires the dissemination of timely information for the benefit of the public. The Extension Service is recognized as the educational agency of the U. S. Department of Agriculture and the Land Grant Colleges. However, under various circumstances it is not able to carry out an information program for P&MA which is adequate for effective administration and public understanding.

(6) In the formulation of policies and the operation of programs directly affecting farmers, P&MA branches shall contact affected state P&MA committees and secure their recommendations. No program should be announced for operation until the state offices are informed of program provisions.

(7) Program forms, reports and procedures should be simplified; unnecessary copies of forms eliminated and files maintained only in essential places.

(8) Retirement benefits for Agricultural Conservation Association employees should be provided without changing their present non-federal status.

(9) In addition to present management services rendered by Washington and area office technical staffs, additional planned visits to the States once or twice a year are desirable.

(10) Regulations of the Bureau of Federal Supply should be revised to permit local purchase of back-ordered and emergency supplies. More prompt delivery and better quality of supplies is essential.

(11) A national conference should be held in 1949.

The conference expresses appreciation to the Honorable Charles F. Brannan and Albert J. Loveland for addressing the delegates and their guests.

The conference commends the Administrator for his foresight in calling a National Conference. It also wishes to express its thanks to the members of the Secretary's staff and other members of the Department who helped make this conference a success.



Administration Committee Report

This report was adopted unanimously  
December 8, 1948.

/s/ JAMES J. LOVE

James J. Love, Chairman

/s/ H. I. DUNKLEBERGER

H. I. Dunkleberger, Executive Secretary

December 8, 1948









